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ZURICH, MONDAY, JUNE 17, 1985

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Raids Seen As Blow to U.S. Policy Mark The Pound have

No. 31,825

Unrest Spills Over Southern African Borders

the framework own too By Glenn Frankel Washington Past Service
HARARE, Zimbabwe — South Africa's commando raid on suspected guerrilla bases in Botswana has dealt another blow to the Reagan administration's already weak-ened regional policy of "construc-

The raid Friday, when he was least 16 persons dead, capped that I lating weeks of increasing violence in the Charles as been charges Revision of Latink as para region, including new attacks in region, including new attacks in Mozambique. Angola and South Africa itself. It also illustrated how escalating violence inside South Africa can spill over its borders to Africa can spill over its borders to Sandanger even the most stable of the country's black neighbors.

the country's black negations.

During the recent escalation of congressional criticism and antianticipated state.

United States, Reagan administra-The state of Ambridge

**NEWS ANALYSIS** 

Knater Relation officials have argued that their policy has succeeded in measurably lowering the level of violence in southern Africa.

The southern Africa region now It is him. I'm Box has less violence than at any time in the hardens Esc, the past 10 years," one senior U.S. diplomat said earlier this year, a diplomat said earlier this year, a gatement echood repeatedly by estate Department officials. They contend that the U.S. policy of seeking warmer ties with all counsels in the region, including South tries in the region, including South

But recent events, including the raid, have undermined this argument and been used by critics who contend that constructive engage-IMPLOINE ment has given South Africa a freer hand in threatening its neighbors. Last month, Angolan forces dos and captured a third inside

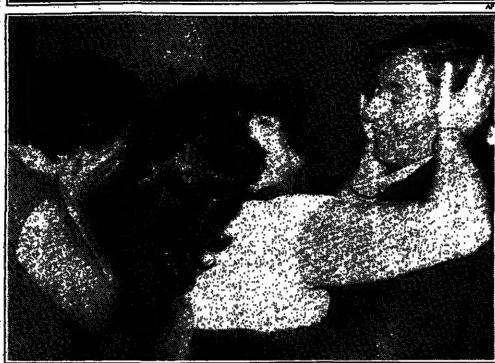
Angola just weeks after Pretoria announced that all of its troops had withdrawn from that country. South Africa said that the com-kndos had been gathering intelli-gence against anti-South African gence against anti-South African generalias operating from Angolan territory, but Luanda presented evidence indicating that the comman-

gola and Gulf Oil Corp. Last week. Angola's Marxist Gone, the government has said, are government accused South Africa the days of indexing the economy of preparing for a new invasion of inflation rate. Salaries will be frozen munique said that South Africa has massed four motorized brigades locked in at those set last Throaden. massed four motorized brigades locked in at those set last Thursday. and 15 battalions totaling 20,000
men along the border between Angola and South-West Africa (Nagola and South-West Africa (Namibia), supported by 90 fighter a fixed exchange rate equal to planes and helicopters. The Pre- \$1.25. The official exchange rate

> according to news reports. In an emergency summit in Harare last Wednesday, President Samora Machel requested new military assis-

(Continued on Page 5, Col. 1)







Armed hijackers of the TWA Boeing 727 at the jet's rear stairs in Algiers, above, before it flew to Beirut on Sunday for the third time in 48 hours. At Beirut airport, top left, an official of the Amal militia, in turban, joins in negotiations with the hijackers from the control tower. A freed passenger, lower left, embraces a woman relative in Athens.

## **Lands for Third** Time in Beirut; Passenger Slain

BEIRUT — The hijackers who took over a TWA airliner on Friday ordered the plane back to Beirut on Sunday after killing a passenger on Saturday. It was the third time that the Boeing 727, which had been bound from Athens to Rome, had anded in Beirut after two stops in

Algiers.
The hijackers, who are demanding freedom for about 700 Shiite Moslems being held by Israel, had released about 100 people during previous stops. But more than 40 passengers and crew remained on board Sunday as hostages.

Upon landing Sunday in Beirut, the hijackers asked Nabih Berri — Lebanon's justice minister and minister for southern Lebanon and the leader of the Shiite Moslem Amal militia - to negotiate for them with three Western diplomats and other officials, airport security sources said.

The hijackers called for water, fuel, food and newspapers, and repeated earlier refusals to free any more hostages unless Israel re-leased the Shiite prisoners.

One passenger, so far identified only as a U.S. serviceman, was shot to death Saturday on the second landing in Beirut. His body was thrown onto the airport tarmac.

A passenger released later in Al-giers said of the killing: "We all had our heads down with our hands on our heads. We heard the moment but did not see." A U.S. Embassy spokesman in Madrid said that the body would

be flown to a U.S. military installation on a Spanish base for delivery to the man's next of kin. The U.S. State Department said Saturday that it was investigating reports that eight Americans with

Jewish-sounding names were spirit-ed off the plane after the second landing at Beirut International Air-Kathy Fiedlib, a spokeswoman for a special hijacking task force set up by the State Department, said that TWA had passed on a report, by a released flight attendant, that

the bijackers examined their ports and saw their names. "It seems to be a very credible ten by Josef Mengele, the fugitive story," she said. "In addition to the stewardess, several passengers have

doctor lived in and around São 2.50 P.M. after the captain report-Paulo from 1961 until 1979, when ed he was running out of fuel. As the plane circled Beirut, the Leba-The results of four days of hand-nese authorities reversed a decision to prevent it from landing after its

four-hour flight from Algiers. The hijackers asked Mr. Berri to A. Crown, of Fairfax, Virginia, for-negotiate with the British, French and Spanish ambassadors and offigence Agency laboratory, and Gid-cials of the International Commiteon Epstein, an analyst at the tee of the Red Cross, the United Nations and Lebanon's Interior Ministry, the sources said.

at the economic level becomes

more necessary, cooperation at the

political level becomes more prob-

ises that residents of the captive

Last month Eastern bloc govern-

Always a worry for the Commu-

Sources at Mr. Berri's home in Beirut said that he had agreed to negotiate on condition that no hostages were harmed during the talks and that the hijackers give him a

bijackers agreed, the airport sources said.

Airport security officials said that the French ambassador, Chris-tian Graff, had said he was ready to negotiate but that the Spanish ambassador, Pedro Manuel Aristegui, and the British envoy, David Miers, first wanted to contact their governments.

President Ronald Reagan re-(Continued on Page 2, Col. 3)

## Greece Bows To Demands Of Hijackers

ATHENS - The Greek government gave in to the demands of the bijackers of a Trans World Airlines jetliner by freeing one of the hijackers' associates in exchange for the release of 53 passengers, including eight Greek citizens. The TWA Boeing 727 was hi-jacked Friday after taking off from

Athens and has since made two stops in Algiers and three in Beirut, where more than 40 persons were still being held hostage Sunday.

The government said that the 53 passengers were released Saturday by the hijackers in Algiers after the hijackers' accomplice had been flown to Algiers in the company of Foreign Ministry officials. One of the Greek passengers was said to be

Demis Roussos, a popular singer. The associate of the hijackers was identified as Ali Atwa, a 21-year-old Lebanese Shiite who was taken into custody Friday after be was left behind at the Athens airport because of lack of space on the

Boeing 727. in a separate statement, a government spokesman, Dimitrios Maroudas, said the other hijackers had managed to escape X-ray detection devices by concealing two small pistols and two hand grethe eight had been taken off by accomplices of the hijackers after nades in fiberglass insulation mate-

> The Greek spokesman said the exchange was negotiated through the night after the hijackers threatened to start killing the Greek passengers.

■ Israelis Discuss Demands The Israeli cabinet met in secre-

cy Sunday to discuss the hijackers' demand that Israel release Shiite Moslem prisoners. The Washington Post reported from Jerusalem. A variety of sources said there had been no U.S. request to free the Shiite prisoners and that none was expected. The sources also said that should such a formal request be

made by the Reagan administration, Israel would have little choice but to comply. Although Israeli officials have said they intend to release all of the Shiite prisoners soon, they were clearly reluctant to contemplate

freeing the prisoners under the threats of the hijackers. U.S.-Israeli contacts on the hijack incident began Saturday and were largely conducted by Defense Minister Yitzhak Rabin and Rob-

ert Flaten, the charge d'affaires at the U.S. Embassy in Tel Aviv. Mr. Rabin reported on the situa-

tion during Sunday's weekly cabinet meeting.

The cabinet convened itself as a The other side of the picture is

'ministerial defense committee," a forum in which secrecy is required by law. This was reinforced by Prime Minister Shimon Peres, who formally requested that there be no public comment by government ministers or representatives on this subject."

## nist elites is how their societies will accept the vanishing prospect of economic growth. Public support for socialism was won with prom-

■ Twenty-one UN soldiers Lebanese militia.

shuttle Discovery continued in preparation for Monday's

Page 4

the two countries. Page 5

likely to tighten in the 1990s. the International Energy Agen-

cy predicted.

## New Argentine Currency Meets Mixed Reactions

By Lydia Chavez New York Times Service

BUENOS AIRES - Argentines have been forced to begit thinking in australs, their new currency, and their reaction has been one of outrage, hope and bemused resignados were planning to sabotage oil

ine nev peso, took effect on Saturday.

loria government has not comfor 1,000 pesos has been about mented on the report.

uncharted territory. Austral, which means southern, refers not only to Argentina's location but to its southernmost region, Patagonia, where Argentines have struggled

of reconstructing and modernizing Argentina," President Raul Alfonsin said on television Friday. The the package could work.

plan represents a reversal of his On Friday, when the measures former view that the country could painlessly recover from its econom-

with the elements to make a home. interviewed Saturday seemed ready "It is a profound reform of our to give the plan a try. Business conomic system with the objective leaders said that if the government could stand by the measures, something they expressed doubt about,

were announced, banks were closed by order of the president of the

The plan reverses President Raúl Alfonsín's earlier view that Argentina could painlessly recover from its economic decline.

"It is a program that shows tremendous political courage," said Alberto Grimoldi, an investment banker. "If Alfonsin gets the confidence of the people and sticks to it, it could be a historic step."

Labor leaders and Peronist legisthe Peronist-led General Labor Confederation, the largest labor group, announced a "state of alert" to protest the measures.

The government began a broadcast campaign Saturday to explain the details and urge compliance. If the psychology of inflation, is not broken, it argued, shopkeepers would raise their prices despite the government's ban and unions

thing," an economist said.

Angling for support Friday, Mr. Alfonsin seemed aware of the importance of breaking the psycholo-But shopkeepers and consumers gy of inflation and the every-man-

for himself attitude that is rooted in Argentina after decades of infla-

not permanent individual prosperity, that there is no stable well-being when national ambition is lost," he

Puchi Rohm, owner of the Banco General de Negocios, said of Mr. Alfonsin's speech: "He said the most important things ever said in this country, things I never dreamed I would hear. The presi-dent publicly committed himself print money."

The government expects to cover its expenses with increases in taxes and tariffs, which have to be approved by Congress, and external inancing. If these fall short, Mr. Alfonsin will have to chose between layoffs and printing money.

After rumors last week that a drastic plan was imminent, many those set on June 13, as decreed, but that the shock of the plan and the consequent drop in demand could help to bring the prices

By Bradley Graham

Washington Post Service

which may make political coopera-

## **Experts Say Letters Were** We had forgotten that there is By Mengele

By Ralph Blumenthal

SAO PAULO - Two American have positively identified letters found in Brazil as having been writ-Nazi war criminal

The finding is the first scientific told the same story."

Trans World Airlines Flight 847 touched down Sunday in Beirut at not to allow the Central Bank to evidence to back up testimony that friends say he drowned.

writing analysis were announced Friday by the federal police chief in São Paulo, Romeu Tuma; David mer chief of the Central Intelli-Forensic Document Laboratory at the U.S. Immigration and Naturalization Service in McLean, Virgin-

"We made a thorough examination and are definitely convinced (Continued on Page 2, Col. 2)

### In Mozambique, escalating vio-lence between the Marxist govern-ment and guerrillas of the Mozam-bique National Resistance newsman proclaimed. would be able to win support for shopkeepers marked up prices by lators have consistently denounced government austerity measures and so far have been able to make the about one-third. Economists said it crippling strikes. vement has caused more than could be impossible to get mer-Even the name chosen for the "Public confidence is everyinto deaths in the last two months, new currency evoked pioneers and chants to reduce their prices to government back down. Officers of



Erich Honecker

Todor Zhivkov



Gustay Husak



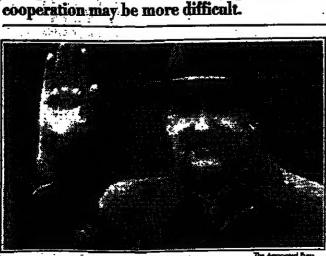
Wojciech Jaruzelski

Europe becomes more necessary, political

As economic cooperation in Eastern

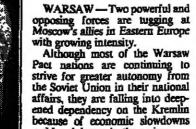


Nicolae Ceausescu



Mikhail S. Gorbachev





Janos Kadar

mity on the bloc is dismissed by East Europeans and Western speThe other side of the picture is cialists alike as something that he that national questions are becomwould neither contemplate nor be ing stronger. So while cooperation capable of achieving.

In the Soviet Shadow and breakdowns in the region. How to manage these two trends, Autonomy vs. Dependency

tion within the bloc more difficult as economic conneration becomes more necessary, is one of the major on an opening to the West and the challenges confronting the new Soviet leader, Mikhail S. Gorbachev. The air of uncertainty and paralsis that surrounded Kremlin rule the need for structural reforms. during the drawn-out final years of proved disastrous. So far, the 1980s tions of the region. There was much President Leonid I. Brezhnev and have yielded no bold alternative to look back on with pride. From

the abbreviated terms of Yuri V. strategies for the Eastern bloc's Andropov and Konstantin U. long-term recovery. Chemenko had its benefits for the Meanwhile, Moscow, beset by its took place from the depressed Soviet satellites. East European own economic difficulties, is hard-countryside to the cities, creating a leaders took advantage of the peri- ening trade and investment de- new urban proletarial. od to promote national interests mands on its allies. It is insisting on East Germany flirted more vig- goods in return for the oil and natuorously with West Germany. Hun-ral gas it supplies the bloc. It is also gary launched another wave of eco-seeking greater East European par-

nomic reforms. Romania ticipation in the development of continued to draw attention to its Siberian energy reserves. foreign policy differences with . The expected effect of these re-Moscow. These moves highlighted quests will be to pull bloc members the continuing struggle of Soviet into tighter orbit around Moscow. client states to assert greater authority and more individual foreign into tighter orbit around Moscow. "In the 1970s the East Europethority and more individual foreign and looked as if they had credit and and economic views based on na- trade alternatives, which don't look tional considerations.

But undercutting the East European nations' hope of attaining wider independence of Moscow is the failure of its economies. The strategy of the 1970s, based

nations of Eastern Europe could at least look forward to more affluent First of three articles. lives. belief that Western credits and imments marked the 40th anniversary ported technology could revitalize of the end of World War II in the region's economies, avoiding Europe with boasts of socialism's achievements in rebuilding the na-

better-quality East European

so feasible any more, and they are That Mr. Gorbachev might try to falling back on the Soviets," said a

the war's debris arose roads, homes and factories, and a mass migration But the large majority of East

Europeans have been born since 1945, and their reference points are the 1960s and 1970s, when the Soviet bloc was striding toward a consumer society. Measured against these benchmarks, the reality of the present, burdened by shortages of

(Continued on Page 4, Col. 6)

Hungarian officials stress their determination to liberalize the country's economy. Page 7.

## INSIDE

from Finland were released by a The countdown for the space

■ Hehmut Kohi, ignoring heck-lers, told a rally of Silesians that Bonn accepted its current na-

🖿 Rajiv Gandhi's U.S. visit has been viewed in India as a prelude to better relations between

BUSINESS/FINANCE ■ World energy supplies are

■ The strong dollar is seen by many U.S. manufacturers as the main reason for idle capacity at their plants.



## 21 Finnish UN Soldiers Are Set Free in Lebanon By Israeli-Backed Militia

By Thomas L. Friedman New York Times Service
JERUSALEM — The Israelibacked South Lebanon Army mili-

them hostage for eight days.

The Finns, who had been held in a small house next to the militia's headquarters in the south Lebanese village of Marjayoun, were driven from the scene. Marjayoun is about five miles (eight kilometers) north funded by it. On Saturday, the Isof the Israeli border.

boarded the bus.

"Goodbye and good luck," the commander of the South Lebanon that, General Lahad probably

rooms but had been kept under Israel forced him to free them. light guard and allowed beer and

said in Marjayoun. General Lahad agreed Friday to release his captives after a repre- troops, Israel continues to mainmittee of the Red Cross convinced security zone to pairol and to adhim that 11 South Lebanon Army vise the South Lebanon Army. The him that 11 South Lebanon Army militiamen whom the Finns turned over to the Shiite Moslem militia der, is five to nine miles wide. Amai on June 7 had defected - as the UN soldiers had contended - Army had hoped that, as a result of and had not been forced to leave the capture of the Finns, the 5,900their own militia

had interviewed the 11 militiamen in Amal's custody, all of whom are militia. But there was no indication when hijackers have found that ac-Shirtes, and had delivered to Gen- that such an arrangement was part tion is taken that resulted in their eral Lahad written statements by of the deal to release the Finns or death or capture." the men that they did not want to return to his force. General Lahad is a Christian, as are most members

of the South Lebanon Army. The Israeli radio quoted General Lahad as saying after the Finns had been released that he still could not believe that the 11 men had left his the finns transferred the bright men had left his and why the Finns transferred the brage, North Carolina, on Saturmilitia of their own free will.

continued to insist that the Finns force, said that the results would be had not behaved in a neutral fashmade public soon.

Caspar W. Weinberger, would not serviced as regularly as possible confirm the reports, noting that the when they are on the ground."

ion, but they had not shown any hard evidence to support the con-

In general, however, Israeli offitia has freed 21 Finnish soldiers of a United Nations unit after holding them hostened for contact them. cident caused them embarrassment internationally and soured their relations with Finland and other Scandinavian countries.

Israel's relations with the South away Saturday morning in a bus belonging to the United Nations, according to Israeli radio reports

The force was created by the Israeli

The forc racli Army brought reporters based The Finnish soldiers, members in Israel to Marjayoun to witness of the UN Interim Force in Lebanon, declined to comment as they said privately that if they wanted to left the house in single file and they could order General Lahad to do whatever they demanded. But they added that if they did

Army, General Antoine Lahad, re- would refuse to act any longer as portedly told the Finns, shaking lsrael's proxy in southern Lebanon, their hands as they left.

Before he decided to release the They had been sleeping on cots and had been crowded into three to resign as head of the militia if

Because the Israelis believe they need the South Lebanon Army to "They are in good condition, take the burden of patrolling the only bored," the chief of staff of the border area off their own troops, UN force, Colonel Kari Korttila, General Lahad has a good deal of

After withdrawing most of its sentative of the International Com- tain several hundred soldiers in a zone, just north of the Israeli bor-

Israel and the South Lebanon member UN force would agree to their own sake, they'd better turn establish de facto relations and these people loose," Mr. Reagan lines of communication with the The Red Cross representative establish de facto relations and that it could be expected.

The UN force has informal con- States was contemplating action tacts with Amal, whose leader, Na- against the hijackers. bih Berri, is minister for southern Lebanon in the Lebanese cabinet.

11 militiamen to Amai. Timor day for the Mediterranean region. Senior Israeli military officials Göksel, a spokesman for the UN



The commander of the South Lebanon Army, Antoine Lahad, left, says goodbye to one of the 21 Finnish soldiers.

(Continued from Page 1)

Maryland and issued a warning to

They themselves will see for

He refused to say if the United

the hijackers.

## U.S., Hijackers Turn To Algeria as Mediator

Diplomatic Role in Iran Hostage Crisis, Third World Stance Create Confidence

By David B. Ottaway Washington Past Serice

WASHINGTON — The United lates and the Shiite extremists the hijacked a Trans World Air.

The United cause and thanking Algeria's leader, Colonel Chadli Bendjedid. States and the Shite extremists

release of U.S. hostages in Iran, once again has found itself heavily beholden to Algeria for a similar mission. This time, the incident reached Algerian soil.

Since being hijacked after taking off from Athens, the Boeing 727 has landed twice in Algiers. It was ordered back to Beirut for the third U.S. officials put heavy diplo-

matic pressure on Algeria to allow the hijacked plane to land in Algiers because of their confidence, based on the Iranian hostage experience, in that government's diplo-matic skills to deal with the crisis. In addition, there was considerable concern in Washington that the hijackers might otherwise set down in Libya, whose leader, Colonel Moamer Qadhafi, is a sworn enemy of the United States. The hijackers, upon landing a

Hijackers Land Third Time in Beirut

karate chops on the back of

treated men and women equally

Mr. Heckscher said there were 42 turned Sunday to Washington cret.

from his retreat at Camo David in

Mr. Reagan said that the U.S. bers still aboard the plane. The government had been in contact number of hijackers was unclear, with the governments of Lebanon, he said, adding: "I'm not sure even Syria and Israel over the hijacking. the pilot knows." Mr. Heckscher said that the hi-

The airliner was seized Friday by two gunmen as it was en route from jackers had forced passengers to Athens to Rome. Since then, its put their heads on their knees when pilot has been forced to fly three the plane first landed and gave times to Beinit and twice to Alther giers. During the first stop in Beirut, several other armed men

occurred mainly during the early part of the hijacking. The hijackers In Paris, a TWA spokesman said that the hijacked plane was nearing

There were unconfirmed reports that units of the U.S. Delta Comits mechanical limits. The plane reaches its physical limit after a certain amount of time," said Stephen Heckscher, the airline's international communica-The U.S. Secretary of Defense, tions director. "These planes are

badly, said Mr. Heckscher, who traveled to Paris from Algiers with 16 of the passengers released there Mr. Heckscher said that a TWA flight attendant, Uli Derickson,

was punched in the chest. She was released in Algiers. "She stood up to the hijackers and was very firm with them," he said. He said that at one point they tied up a man with cord and that

she cut it and threw it away, asking them: "Why do you insist on beating up people who are doing what you're telling them to do?"

Ms. Derickson became a heroine for the passengers, said Mr. Heckscher, adding: "She gave them something to hang on to.

who hanked a Irans world surlines plane Friday both appear to
have a great deal of faith in the
government of Algeria.

The United States, which turned
to Algeria in 1980 to mediate the
Lin large 1980 it was the Islamic

52 U.S. hostages who set the precedent of turning to Algiers as an acceptable intermediary with Washington. Algeria negotiated release of the hosinges as well as a complicated accord on claims filed by Iran and the United States.

U.S. officials from Jimmy Carter, then the president, on down hailed the extraordinary negotiat-ing skills and "creative mediation" of the Algerians.

In this incident, it is the hijackers' respect for Algeria's revolutionary past - an eight-year war for independence from France and the championing of numerous Third World causes — that apparently explains their decision to fly there in the first place and then to return again to Algiers.

Algeria recently has been draw-ing closer to the United States. Colonel Bendjedid's visit to Washing-ton in April for talks with President Ronald Reagan was a milestone in the reorientation toward the West that the Algerian leader has been slowly undertaking since coming to power in 1979. The state visit was viewed as a big success by both sides, and it opened for the first time the possibility of U.S. arms sales in Algeria.

Having acceded to Washington's entreaties to allow the hijacked TWA plane to land at Algiers airport, reversing its initial decision not to become involved, the Algiers government found itself in the mid-He said that the violence had dle of an extremely delicate situa-

An Algerian diplomat in Wash-ington described the negotiations held Saturday on the plane be-tween two Algerian diplomats and the Shiite bijackers as "very

He described the Islamic extremists as "very young, very suicidal and very tough" and stressed the use of psychology in dealing with them and "keeping them talking." According to television and ra-dio reports, the Algerians relied on

the Koran and various religious arguments in their bid to persuade the hijackers to release the remain-

The Algerians avoided any coerseen as concern for maintaining their good relations with both the Lebanese Shiites and Iran.

## WORLD BRIEFS

## U.S. Factory Death Is Ruled Murder

CHICAGO (WP) - Two business executives and a foreman have been convicted of murder in a case stemming from the death of a man who inhaled evanide fumes while working in a silver recovery plant. Sieven J. O'Neil, president of the now-defunct Film Recovery Systems Inc.; Charles Kirschbaum, the plant manager; and Daniel Rodriguez, the foreman, were convicted Friday in the death Feb. 10, 1983, of Stefan Colonia, were convicted Friday in the death Feb. 10, 1983, of Stefan second time in Algiers, issued a

foreman, were convicted rinday in the usual reterior of the default.

Golab, 61, a Polish immigrant employed at the plant.

The company recovered silver by bathing used photographic film in cyanide solutions. Mr. Golab worked over the chemical vats. During the cyanide solutions, Mr. Golab worked over the chemical vats. During the trial, former employees testified that they suffered nausea, dizziness, burns and vomiting while working at the plant. Procedures controlled that the firm deliberately hired illegal sliens and other foreigners with that the firm deliberately hired illegal sliens and other foreigners with little command of English so they would not complain about hazardous

## In late 1980, it was the Islamic revolutionaries in Tehran holding MANU ACTIED — General Exhian C. Ver said Sunday that he would

MANILA (UPI) — General Fabian C. Ver said Sunday that he would resume his post as chief of staff of the Philippine armed forces as a matter of honor if he is acquitted at the trial for the murder of Benigno S. Aquino Jr. But the general, who is 65, said he would retire "at the proper the An acquittal seems likely after the court last Thursday threw out the main evidence that General Ver was part of a military plot against Mr. Aquino, the opposition leader, who was shot to death at Manila International Airport on Aug. 21, 1983. The evidence, based on General Ver's testimony to a civilian commission last year, was ruled to violate his sinh testimony to a civilian commission last year, was ruled to violate his right against self-incrimination.

Western diplomats have said that General Ver might return to his pos-for a month and then retire, but he said in an interview that "30 days would be too short a time." General Ver has been on leave since October when the commission named him, 24 other soldiers and a civilian ssman as indictable for Mr. Aquino's murder.

## Talks Set on European Fighter Plan

LONDON (Reuters) — West European defense ministers planned to meet Monday for talks that could decide the fate of a proposed European

The European Fighter Aircraft was proposed in 1983, but negotiations have stalled in arguments over its size and role and over project leadership. British officials have said that the venture could collapse if progress is not made during the two days of talks.

Britain, France, Italy, Spain and West Germany agreed last month e-

weight and engine requirements for the plane. Monday's meeting was at to consider expert opinions on whether those specifications could satisfy.

## Afghan Rebel Blast Is Said to Kill 140

ISLAMABAD, Pakistan (Reuters) - About 140 people were killed this month when a rebei bomb explosion wrecked a building in Mazari-Sharif in northern Afghanistan, guerrilla sources reported Sunday.

They said the blast destroyed the top two storys of the three-story Han Saleem Shah building and rescuers dug bodies out of the debris for up to four days after the blast June 5. They quoted witnesses as saying most of those killed were members of the ruling Communist Party who were using the building as a hostel. No independent confirmation of the report was immediately available.

Mazar-i-Sharif is the capital of Balkh province, which borders the Soviet Union. An estimated 115,000 Soviet troops are stationed in Afghanistan to help President Babrak Karmal's government fight the

## 2 in House Assail Billings for Copters

WASHINGTON (UPI) - Two Democratic congressmen said Sunday they planned to ask the House of Representatives to suspend payments to Hughes Helicopter Inc. because it could not justify millions of dollars in billings to the Defense Department.

Representative Bill Nichols of Alabama, who is chairman of the House

Armed Services investigations subcommittee, and Samuel S. Stratton of New York, the procurement subcommittee chairman, said the company's records were "in a deplorable state" when subcommittee and Pentagon investigators examined billings for the years 1979-1983.

### For the Record

Police in Italy began a nationwide anti-Mafia sweep on Saturday with cion, such as shooting out the the arrest of 26 people in Palermo, Milan and other cities, the authorities plane's tires, partly out of what was reported.

(All

in Northern Ireland killed a part-time police officer early Sunday as he sat next to a woman in a car parked outside her home in Kilrea, 36 miles (58 kilometers) northwest of Belfast, the police said. (AP)

HOLLHO.

HE COMMENT

ATTEN EN AND Section 1

## Aftermath in Liverpool: Where to Put Blame

By Jo Thomas
New York Times Service

LIVERPOOL - "You'll Never Walk Alone," says the wrought-iron motto over the gates of the Liverpool soccer club. After Brussels, that sense of shared euphona has been replaced by other emotions: shock, chagrin and anger.

In the pubs and narrow brick homes of a city that has been brought to its knees by fleeing industries and unemployment, these new emotions are hard to bear. For a long time. Liverpudlians have been living on Their two soccet clubs. Liverpool and

Everton, were both champions this year. Everton, the League Cup winner in England, played five matches on the Continent before winning the European Cup Winner's Cup. All went off uneventfully, including the final match in Rotterdam on May 15. As the Liverpool fans set off for Brussels to

see their team, the national champions, play the Italian champions, the Juventus team of Turin, for the European Cup on June 5, they took with them a 21-year record of good behavior. Then came the horror of the violence, seen by millions on television. "Liverpool will be remembered for the fact

that 38 people died," said Debbie Salters, 22. "It cancels out 21 years." She and her husband were outside the stadium when the deaths occurred.

"What's annoyed me the most is they haven't even fined Juvenius," she added. "It takes two to make a fight."

Many Liverpool fans in interviews blamed outsiders and agitators, the bad condition of the stadium, the failure to make sure fans had tickets, poor policing and crowd control, tar-dy rescue efforts and the Juventus fans. Now

and then they blamed themselves. The Liverpool Echo asked for letters from fans and had 120 replies. Some were published last week, including one from a supporter who confessed anonymously to lighting with the Italians. "Oh God, I'm sorry," he

As they try make sense of what happened in Brussels, the citizens of Liverpool are try-Brussels Disaster Appeal fund, and city leaders and two fans who rescued badly injured Italians will visit Turin next week on a peace

"I have lived next door to the football ground for 15 years," said Jean Cawley, who was sitting in The Albert pub with a group of friends. "I've never seen anything like that disgusting mess in Brussels. You get noise, people and mess, but never any trouble."
"It's the National Front," she said, refer-

ring to the white-supremacist group. "They're ignorant. They're bored out of their skull. That does not represent Liverpool. Everyone is disgusted. I had a bad background, but it

didn't make me grow up evil."

Sean Herlihy, 27, an unemployed carpet cleaner having a pint of beer at the King Harry pub in Anfield, near the Liverpool stadium, said he went to Brussels with eight

"We had a lot to drink in the pub before the game," he said. "That's always part of it." They went to Brussels without tickets, he said, hoping to buy them at the match. But the fence had been knocked down, so they

"We started getting punched and spat at by the Juventus fans," he said. "There was one lad, about 14 years old, he must have lost his dad or something, and the Juventus fans started beating him up. Others went to help him, and all hell broke loose. If you see someone getting attacked, you help.

"What's happening now is scandalous. We're scapegoats. John Neill, 17, who is out of school and unemployed, said, "I'd never go to a Europe-an Cup final again." He went to Brussels with a ticket and was frightened by the fighting. Soccer, he said, is a big part of his life. "I'd

like to have a job, anything," he said.
"There's nothing to do here but just walk around. That's why I like going to a match. Whenever the season ends, I've got nothing to look forward to."

Frank Cassidy, a timekeeper at the Huskinson Docks, said: "When I came to the docks 35 years ago as a laborer, there were 27,000 dock laborers. That's down to 3,000.

and south - and the north end has been ruined since Mrs. Thatcher took office. The people who have the capital will not invest in

This is a country of two nations - north "Economically," he said, Liverpudlians "are battered. Physically, they retaliate."



## Thousands Hear Nicaragua Cardinal Call for Peace

By Robert J. McCartney Washington Post Service
MANAGUA — Nicaragua's newly elevated Roman Catholic and some participants made anti-cardinal, Miguel Obando y Bravo. Sandinist comments to reporters. has called for national reconciliation and peace at an open-air Mass

attended by 30,000 people. the gathering appeared to consider

it an anti-government rally.

The cardinal was returning home for the first time since his May 25 investiture in Rome. He flew to Managua from Miami.

He pledged Saturday to share his country's "happiness, its suffer-said Mr. Crown, referring to docuings, its difficulties and its aspiraments found this month at the tions," and urged his listeners not to lose hope despite the civil war and a stumbling economy.

peace, where we Nicaraguans see each other as brothers," he said.

sults," Mr. Crown said, "We have no doubts. It's a definite identifica-The head of the National Bish-

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nism!" were heard from the crowd, Cardinal Obando is the first car-

dinal in Nicaragua's history. Church officials, diplomats and prominent critic inside Nicaragua opposition politicians say this new prestige will give him additional clout in criticizing the procession Friday from the airport ally steered clear of politics in a brief homily. But many people at the gathering arrespond to accept to retearing and from stations in Costa Rica and Miami. Managua's morning newspapers, which are procession Friday from the airport were generally peaceful. But the stories on the cardinal's return.

build a regimented society. Church officials were disap-

pointed in Saturday's turnout. But at least 100,000 people turned out Friday night to welcome Cardinal Obando back to Nicaragua.

Obando's homily. Occasional military draft and what the church Interior Ministry reported Sature shouts of "Down with commu-views as the Sandinists' efforts to day that 11 policemen were injured. views as the Sandinists' efforts to day that 11 policemen were injured during a confrontation at the airport with people awaiting the car-dinal. Eight youths were detained. Both the procession and the Mass were broadcast live on Catholic Radio and on radio stations in

## U.S. Experts Identify Letters as Mengele's (Continued from Page 1)

beyond a shadow of doubt that they are written by Josef Mengele," home of a couple who say they sheltered Dr. Mengele in the 1970s.

"We made independent exami-"Let us construct a peace, a true nations and then compared our retion. We're staking our reputations

ops Conference, Bisnop rause of tonio Vega, made several veiled criticisms of the Sandinists in an documents was made by Antonio A. Cantu of the Federal Bureau of the Federal B Investigation, but his findings were withheld pending additional tests of ink samples in Washington. The documents found in São

Paulo were compared with forms Dr. Mengele completed while with the elite Nazi SS in 1938 and 1939. The doctor was charged with the murders of 400,000 people at the Auschwitz concentration camp in the skeleton and can now begin Poland during World War II.

Mr. Crown, Mr. Epstein and Mr. cations, said Ramon Manubens, a

would be disclosed in a report by the chief of São Paulo's federal police laboratory, Valmir Joaquim da

Mr. Tuma said that other experts were studying the results of finger-print tests on objects said to have belonged to Dr. Mengele. He said some that prints that experts had made some positive identification hoped to connect to him proved to on the remains, including matching be unrelated.

The documents, Mr. Tuma said, left "no doubt about Josef Mengele's stay in São Paulo," adding, "So, we don't have any doubts that Josef Mengele came to São Paulo, that he was in São Paulo."

Mengele' Skeleton Examined Forensic experts rebuilt the skeleton of a man believed to be Dr. Mengele and examined the skull and hair samples, United Press In-

ternational reported Saturday from

São Paulo. "We have completed assembly of Tuma declined to specify the na-member of the Brazilian team of ture of the papers. They said this forensic experts.

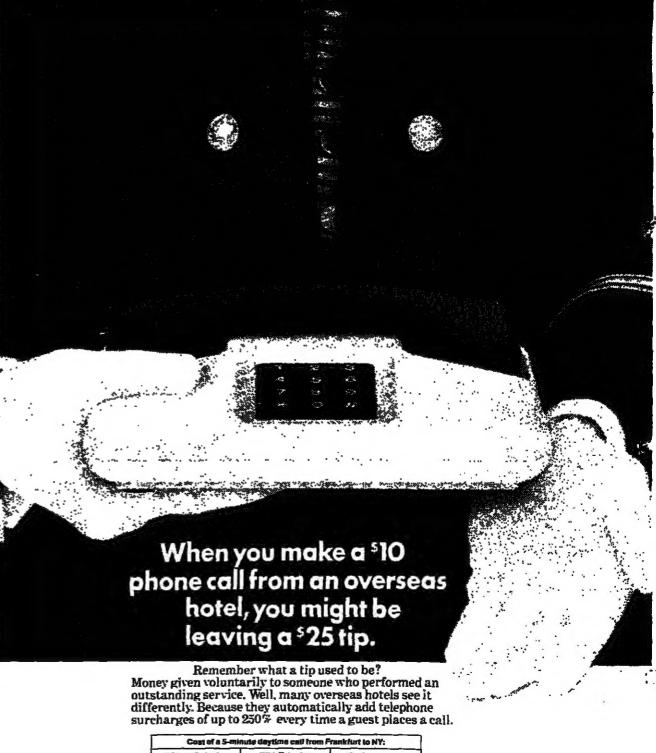
"Today we began an examina-tion of hair found on the skull and we have already made some helpful observations," said Dr. Marcos de Almeida, a forensic pathologist who specializes in hair studies. He provided no details.

The Brazilian team already has the man's height and weight with Dr. Mengele's. Dr. Wilmes Teixeira, head of

Brazil's forensic pathology team, said that the approximate height of the man whose skeleton he exam-ined was 1.75 meters. German war records show Mengele was 1.74 meters tall, or 5 feet 814 inches. He said that the Brazilian ex-

years of age. Dr. Mengele would have been 68 in 1979. The skeleton also showed "an abnormality in the pelvic bone," which could compare positively to a hip injury Dr. Mengele reportedly suffered in a motorcycle accident in 1943. Dr. Teixeira said.

those of a white male about 65 to 70



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## **AMERICAN TOPICS**

Rating the TV Appeal Of Modern Presidents

Jack Valenti, president of the Motion Picture Association of America and once a special assistant to President Lyndon B. Johnson, is considered an expert on public speaking. He says that Mr. Johnson was a great speaker in small groups, fantastic on the campaign trail,



Jack Valenti

but bad on television. And, he says, if there had been television when Roosevelt was president, "FDR would have been

elected king."
But the best of all on TV, Mr. Valenti says, is Ronald Reagan, who never loses eye contact, even when reading a speech. He rates John F. Kennedy a close second and gives Richard Nixon and Jimmy Carter low ratings for their television person-alities.

### Short Takes

Two thieves caught gleaning the Civil War battleground of Richmond, Virginia, for bullets, buttons, bayonets and the like have been sentenced to a year in iail. The National Park Service used to "seed" historic grounds with metal shavings to confound metal detectors, but modern devices penetrate this.

years to set fire to scrub lands. Now it also is setting fire to standing timber in an effort to regenerate aging forests. The aim is to burn out dying, para-site-infested trees and litter on the forest floor, both of which are fire hazards.

The number of federal, state and local elected officials who are black reached 6.056 at the start of this year, according to the Joint Center for Political Studies, a Washington research Vgroup dealing with black issues.

"It said that despite the gains,

"blacks still hold only 1.2 percent of the 490,800 elective offices in the country." It added, "Black elected officials continue to be concentrated in black majority districts and generally depend on the black electorate for victory." -

### Tree-Huggers vs. Industrial Tourists

The dry, mountainous Colorado Platean centered on southem Utah is "the least populated, most remote" portion of the contiguous 48 states, says Mike Scott, Washington lobbyist for the Wilderness Society. Environmentalists want the plateau declared a wikderness area, protected from permanent human presence or motorized incur-

Calvin Black, chairman of the San Juan County Commis-sioners, replies, "We want de-velopment, within reason, that will open this land up to more visitors and to more of the kind of traditional energy development" that makes jobs.

The fight goes on, with some mild name-calling. For environmentalists, visitors who travel in house trailers, motorcycles and boats, who buy gasoline, shop at supermarkets and stay at motels, are "industrial tour ists." For the developmentminded, hikers who carry their own tents and sleep on the ground are "wind-kissers" and tree-huggers."

### Notes About People

Back from the ultimate junket, Senator Jake Garn, a Re-publican of Utah and the first lawmaker in space, told members of the Senate Commerce, Science and Transportation Committee's subcommittee on science, technology and space of the "absolutely incredible" and "absolutely limitless" fu-ture he senses for space. "We vastly underfund the space program," the senator testified.

Colonel Harry Summers Jr., whose book, "On Strategy: The Vietnam War in Context," criticized the policies that led to the fall of South Vietnam, is retiring from the U.S. Army, where he has been teaching military history at the Army War College, to become senior military correspondent for U.S. News & World Report magazine. Among his chief theses were that the U.S. government never mobilized public opinion and that the U.S. military went after the Viet Cong insurgents when it should have concentrated on the North Vietnamese Army.

— Compiled by ARTHUR HIGBEE

## Space Shuttle to Conduct Test of Laser for SDI on Wednesday

By William J. Broad New York Times Service

CAPE CANAVERAL, Florida - The countdown continued through the weekend for a weeklong mission of the space shuttle Discovery that will include the first shuttle experiment to develop weapons for President Ronald Reagan's proposed shield against nuclear missiles.

The shuttle was scheduled to take off at 7:33 A.M. Monday with seven crew members, including a Frenchman and a Saudi prince. Plans call for the crew to release four satellites into orbit. The missile defense test is sched-

uled for Wednesday, when a lowpowered laser in Hawaii is to bounce its beam off a special mirfor that will be mounted on a winsee if computers on the ground can

president's science adviser, has lik- laser beam.

ened such feats to "taking the twinkie out of a star."

The test is viewed by Pentagon officials as crucial to determining whether heavy, powerful lasers on the ground can be used to fire at enemy missiles in space.

Critics of the president's Strate-gic Defense Initiative, which is widely known as "star wars," have argued that some of its planned projects might violate the 1972 treaty that bans the construction of large-scale defenses and the testing of prototype anti-missile systems. But the laser test with the shuttle, which involves research, is seen by Reasan administration officials as well within the treaty's limits.

laser beam requires the use of a dow of the Discovery. The goal is to flexible mirror on the ground see if computers on the ground can whose shape can rapidly be adjust the laser beam to counteract changed by computers. The atmo-the distorting effects of the Earth's spheric turbulence is measured and then the mirror is flexed to try to Dr. George A. Keyworth 2d, the compensate for distortions in the

nique would draw an enormous amount of electric power and could be severely hampered by poor

The small laser for the shuttle test is at the U.S. Air Force Mani Optical Station on the Hawaiian island of Maui. The success or failure of the test will be amounced, Pentagon officials said, but details will be kept secret.

The laser experiment is viewed by critics as a new stage in the O. Creighton, both of the U.S. militarization of the shuttle prostram. On previous missions, the Colonel John M. Fabian and Lieugram. On previous missions, the Defense Department has played a role in performing pure science ex-periments or launching satellites. But this mission apparently is the Removing the "twinkle" from a first in which the shuttle is to be used directly in the development of

Discovery's mission also in-cludes the launching of three com-munications satellites. They are owned by Mexico, American Telephone & Telegraph Co, and Arab

sion, the issue would be submitted

agreed to a company plan to pay

less in that time than employees

For instance, the old contract

provides that a second officer

would have yearly pay of \$43,750

in his second year with United;

under the new agreement, that pilot would earn \$26,400. A second offi-

cer, also called a flight engineer, holds the lowest-ranking position

But achievement of the econom-

ic compromise did not end the

strike, as many had hoped. The

negotiations broke down over rival

mands on conditions for getting

The most critical issue was Unit-

ed's pledge that it would fulfill its

promise to nonstriking pilots that they would retain advanced cockpit

assignments at the expense of strik-

ers with greater seniority. The

Finally, last Wednesday, a com-

promise on most of the back-to-

work issues was achieved with the

help of Helen W. Witt, the head of

Both sides agreed to let a federal

District Court in Chicago decide whether nonstrikers could retain

rights to advanced cockpit assign-

ments, the status of the 570 train-

ees, and the status of newly hirei

experienced pilots.

the National Mediation Board.

union was adamantly opposed.

in the three-pilot cockpil

back to work.

hired before the strike.

break the union, which Mr. Hall to binding arbitration. The union

But critics say that such a tech- Satellite Communications Organi- rick Baudry, a French astronaut: turn June 24 for a landing at Edzation, or Arabsat

The fourth satellite, which is to Sultan Salman al-Saud, a nephew be returned to the cargo bay after of King Fahd of Saudi Arabia. two days in soace, is for experiments in X-ray astronomy. One of adan, the holiest month of the Mosits goals is to scan the core of the lem year. The prince said that he Milky Way galaxy for evidence of would observe the holy period with black holes, stars theorized to be so prayers three times a day. dense that even light cannot escape

their gravitational grip. Captain Daniel C. Brandenstein Sultan, only to find they had and the pilot is Commander John soaked a calculator and a manual and the pilot is Commander John tenant Colonel Steven R. Nagel of al. The unsolicited gift came from the U.S. Air Force; Dr. Shannon an unidentified Californian.] W. Lucid, a mission specialist; Pat- The shuttle is scheduled to re-

The mission occurs during Ram-

[NASA security agents used waier cannon Saturday to blast apart The commander of the mission is a suspicious package for Prince intended to help the prince locate Mecca from space, The Associated Press reported from Cape Canaver-

and the first Arab astronaut, Prince wards Air Force Base in California.

■ Publications Praise Flight Publications in Mexico and Saudi Arabia have written enthusiasti-

cally about Monday's flight. The Associated Press reported from Cape Canaveral.

Allah willing, the kingdom enters the space age," the Saudi newspaper Okaz wrote in an editorial.

"Let the trip be the harbinger of a

revival of the Islamic leadership of sciences and knowledge." Magazines in Mexico have called the \$150-million Mexican satellite project "a symbol of independence" and a sign of the country's

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If you haven't yet filed your 1982 or 1983 U.S. tax return, quick action is now needed to avoid losing significant benefits (up to \$77,000 in tax savings!) Government statistics show that more than 60% of U.S. expatriates have not filed for these years and recent IRS regulations allow only until July 23 for electing the foreign annual income exclusion of up to \$80,000 per year. Tax savings from the exclusion are reduced if you live in a high tax country in Europe, but can still be significant. So ACT NOW. Contact one of our Expatriate Tax Experts at:



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## **United Air Pilots Ratify Agreement** Carrier's Return to Full Operations Will Take 3 to 4 Weeks unit of the Air Line Pilots Associa- sides could not agree on an exten-

tion, said Mr. Ferris had failed to

said had been a top company goal. He noted that a federal district

judge in Chicago was being asked

to decide critical back-to-work is-

snes, including the question of whether nonstrikers could obtain

cockpit assignments at the expense

Sources at the airline said United

would begin to restore some service

The strike began May 17 after negotiators in Chicago reached an

impasse on a critical economic is-

sue, the introduction of the two-tier

wage scale, under which newly hired pilots would initially be paid

at levels substantially below the

wage scale provided in the previous

The union insisted that the newly

hired pilots reach parity with previously hired pilots in five years. The

airline insisted that parity should not be reached until a newly hired

pilot had achieved captain's status,

which in the past has taken 18 to 20

A week after the strike began, a

compromise was reached on the

economic package. Under it, the

in the coming week.

By Richard Witkin New York Times Service NEW YORK — The 29-day

strike of 5,000 United Airlines pilots has ended with the ratification of a tentative agreement by union leaders. The airline said it would be back to full operation in three to

The last obstacle was removed Friday when the Association of Flight Attendants agreed that those honoring the pilots' picket line, a majority of its 9,000 members, would return to work without a contract. The pilots' union leaders approved the contract early Satur-

The flight attendants, saying they would pursue the matter in court, released the pilots from their pledge not to end the strike until the cabin crews had settled their differences with the airline. Both sides in the pilots' strike, which curtailed the airline's opera-

claimed victory. Richard J. Ferris, United's chair- years. man, said the airline had won a two-tier wage scale that would make it "cost competitive" with its

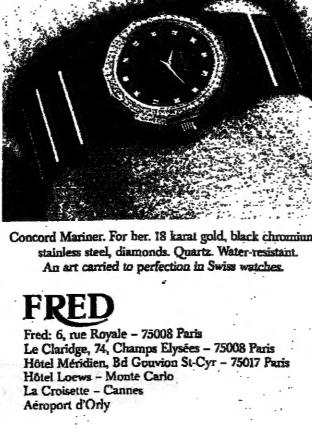
tions to 14 percent of its pre-strike

average of 1,550 flights a day.

ivals. two-tier system would be estab-Roger Hall, head of the United lished for five years and, if the two











## Kohl Says Bonn Accepts Present Borders

BONN - Chancellor Helmut Kohl, ignoring hecklers Sunday at a rally of German exiles from areas that are now part of Poland, said that West Germany accepted current national borders.

Speaking to a crowd estimated at 10,000 in Hannover, Mr. Kohl insisted that West Germany had renounced all territorial claims against Poland and wanted to revive the spirit of détente with the Soviet Union and its allies.

Mr. Kohl's conciliatory line toward East bloc governments drew whistles and catcalls from the gathering of Silesians, part of the large bloc of Germans whose roots trace back to homelands that are now in

More than three million Germans were driven out of Silesia after World War II, while other German families fled homes in East Prussia and the Sudetenland that were later incorporated into the Soviet Union and Czechoslovakia. A third of Germany's territory was ceded to East bloc governments after the war.

The exiles and their offspring who are mostly supporters of Mr. Kohl's Christian Democrats, have been embittered by the chancellor's pursuit of better ties with East bloc

Mr. Kohl stressed Sunday that the goal of future German unity through peaceful means "can only be solved with the help of our neighbors in East and West." He said that the "German ques-

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Chancellor Helmut Kohl told Silesian exiles that West Germany wanted to increase cooperation with Poland.

that West Germans must under- future either." stand the anxieties of the people

Thus, the chancellor argued, it

tion has long been a source of tur-moil and instability" in Europe and other and will not have any in the

Mr. Kohl, the first West German leader to attend the Silesians' annual convention in 20 years, was aswas important for Bonn to accept sailed in the Eastern European

Moscow has led a fierce propa-ganda campaign accusing the Bonn government of nurturing political forces that seek to regain lost German territories in Eastern Europe.

Communist Party newspapers have kept up a barrage of criticism aimed at Mr. Kohl for indulging the "revanchist dreams" of German exiles purportedly ready to invade Eastern Europe and recover their former homelands by force.

While conscious of the staunch political support his party enjoys arnong German exiles, Mr. Kohl clearly sought to use Sunday's speech to reiterate Bonn's adherence to reconciliation treaties signed in the early 1970s with Poland and the Soviet Union.

Mr. Kohl declared that his goverament was determined to deepen cooperation and understanding with East European nations. He advocated greater exchanges among West German and Polish youth groups so that the next gen-eration "will grow up as friends with one another."

But he also sought to placate his audience, saying that he would do all he can to increase the number of exit visas granted to ethnic Germans in Poland and other parts of

Eastern Europe. Mr. Kohl repeated Bonn's de-mands that Poland should grant full minority rights to the estimated one million Germans still living there, including the chance to run their own schools and speak their own language. Poland denies that a German minority exists in Poland.

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## Reagan Says Strains Growing in East Bloc U.S. to Show How to Resist Communism

By John M. Goshko Washington Post Service
WASHINGTON — President
Ronald Reagan has told the people of the Soviet Union and Eastern Europe that the United States intends by its example to "demon-strate that Communism is not the wave of the future" and to "show

the captive nations that resisting totalitarianism is possible." In an interview broadcast Friday by Radio Liberty and Radio Free Europe, Mr. Reagan appeared to be departing from the conciliatory tone of his recent remarks about the Soviet Union and reverting to the view of the Soviet system that states grew more slowly on the avcharacterized his first term in of-

Mr. Reagan said that the free nations of the world should "prevent the further expansion of totalitarianism throughout the world,"

"If we succeed and we send a message to the Soviets that Communism can in fact be resisted," he said, "then the Soviets will find it in their self-interest to accommodate the desires of their people who will see by the patterns of international politics that their own rulers are not omnipotent.

He also assured his listeners that Americans were "not Russophobes preparing for war" and added: What I would like to tell the peoles of the Soviet Union is that the United States wants peace and wants an enduring, true peace, a peace where all people can live in reedom.

But Mr. Reagan's main emphasis was on accusing the Soviet leadership of pursuing aggressive policies around the world and denying people "access to the truth."

He cited the need to overcome the "artificial" division of Europe, pledged continued efforts to win renter freedom for the people of oland and said the revival of religion in the Communist bloc "is one of the most hopeful signs on the

The State Department issued a statement Friday asserting that So-PANKFURT 069/233380. Young viet officials appear to be conducting a "campaign against the current revival of Jewish culture." It detailed several instances of Soviet Jews being arrested and persecuted and added: "Continuation of this campaign constitutes a real obstacle to the constructive relations with the Soviet Union that the United States seeks."

> Department officials said that the statement was not connected to Mr. Reagan's interview and did not foreshadow a shift toward a tougher attitude in dealing with Moscow. The statement, they said, was prompted by concern that the plight of some Soviet Jews might be

They added, however, that there were no plans for Secretary of State George P. Shultz to cancel his trip to Helsinki next month for the 10th anniversary observance of the Helsinki accords, intended to provide greater human rights safeguards in all European nations.

Radio Liberty, which broadcasts to the Soviet Union, and Radio Free Europe, which is directed at the East European satellite countries, jointly claim an audience of 55 million listeners. They originally were controlled covertly by the Central Intelligence Agency but are now funded openly by the U.S. Desires for Autonomy Conflict With Economic Needs

such simple basic goods as toothsigns of a religious renewal. paste and toilet paper, poor or nonexistent telephone service, lengthy waiting periods for cars and home appliances and a scarcity of hous-

ing, appears grim and depressing. Some countries suffer less than others. The East Germans and Hungarians are better fed and berter supplied. So are the Czechoslo-vaks, though downhill drift is strong in their country. The Bulgarians are agriculturally sufficient but industrially poor. The Romanians are poor and are undergoing severe austerity measures. The amounting to major revivals.

Overall statistics confirm the general sense of economic stagnation evident on the streets of Eastfind answers to questions of exis-tence that Communism does not provide for them. erage in the last four years than in the 1976-30 planning period, when growth rates were, in turn, signifi-cantly lower than in the 1971-75

ferred individuality and indepen-

dence to the party's collective

eration growing up under socialism would not be infected by national-

ism, anti-Semitism or a petit bour-

religion and bourgeois ideas," Mr.

Havasi told Hungary's party dele-

gates. He implied that this was far

As East European governments

power, which remains inviolable.

European states have followed

their own paths of development.

Since the end of the period of Sta-

mains the bloc's most restless na-

to leaving most of the country's arable land in the hands of private

farmers rather than trying to col-

sweeping economic reform legisla-

Although genuine political plu-ralism seems out of the question,

broadest airing of opinion found anywhere in the bloc, even if the

major round of decentralizing mea-

free-market economy. The initial reform push was slowed by hard-

line opposition in the early 1970s.
Budapest officials have cultivat-

with the West in trade, tourism and

scientific exchange of any Eastern

its loyalty to Moscow. In a dramat-

Eventually, Mr. Honecker can-

man leadership committed to pur-

suing rapprochement with Bonn.

bloc state

are now largely stalled.

The Polish state is also resigned

But within those bounds, East

from the case.

more assertively.

geois outlook or be influenced by

"We used to believe that the gen-

"The mood on V-E Day this year was much different from 10 years ago," said a 36-year-old Polish writer and father. "Today, food is rationed, housing is in short supply, health service is poor. The list of calamities is countless.

ern Europe. Except in East Germa-

ny, national incomes in all the

(Continued from Page 1)

Poles are bankrupt.

"Is that the position someone who claims a big victory is sup-posed to be in? I don't think so. This year was a big holiday only for the war veterans. For my generation, which grew up during improv-ing times, things are getting worse."

Admittedly, the economic slip-page in Poland has been the most and ill-advised licensing agree-

At a congress in April of the Hungarian Socialist Workers Par-

He said that Communists used to believe that socialism meant "unbroken economic development" and a steady rise in the standard of living, immune to the effects of the political and economic "crises of capitalism." But such illusions have to be discarded now, he concluded, because the path to socialism has turned out to be "bumpier" than expected, full of doubts and set-

tracts chiefly opportunists.

"It's hard to find a real Marxist anywhere to have a good argument with," said Ernest Bryll, a Polish

Romania is governed by Nicolae haustion of Marxist ideology are Ceausescu more autocratically and

The pattern is as uneven as the nepotistically than any other bloc patchwork of Roman Catholic, state. Yet Cennsescu appears to rel-Protestant and Orthodox faiths ish tweaking the Russians by sugthat crisscross the six junior bloc partners.

But particularly in Czechoslova-kia, East Germany. Hungary and Poland, clergymen and Westerners report growing numbers of people turning to, or turning back to, churches that under Marxist to. should not exist. Even from Bulgaria and Romania come reports of increased churchgoing, though not

Some people are seeking the church not always out of religious motives but to find political shelter for artistic expression or to protest the military buildup. Others go to

Perhaps the most alarming aspect of the religious renewal for the Communists is the involvement of them in economic planning at\_

'Revolutionary illusions' have to be

- Ferene Havasi

gesting on numerous occasions that

his country is a reluctant member

Bulgaria, long regarded as one of

the Seviet Union's most ducile al-

nomic experiments involving a

more flexible organizational struc-

ture and a greater role for financial

incentives. It has also expressed in-

terest in expanding economic ties

with the West, inviting foreign in-

Only Czechoskwakia adheres to

orthodox Soviet lines in all major

respects. The Prague leadership re-

mains traumatized by the Soviet-

led invasion of 1968 that ended its

Bloc officials readily acknowl-

edge that differences exist between

vestors into joint ventures.

last reform movement.

hes, has introduced a series of eco.

of the Warsaw Part

discarded, because the path to socialism has turned out to be 'bumpier' than expected. a Hungarian Central Committee secretary

young people. East European youth are turning toward anything and everything, it seems, except the party. Many of those not interested in the church are involved with sex, pronounced in Eastern Europe, drugs and rock music. They eagerly

Warsaw borrowed more from the seek Western literature and films West in the 1970s than other bloc and desire fashionable clothes, rastates, and it wasted the most on dios, cassettes and so on uncompleted industrial projects Only 11 percent of Only 11 percent of Poland's young people have enlisted in the party, according to official figures. In Hungary, a recent sociological But even in Hungary, which is In Hungary, a recent sociological affluent by Eastern bloc standards, study sponsored by the party's

the official rhetoric is being toned down in recognition of harder times. No longer is the talk of uninterrupted progress and the triumph of socialism over capitalism.

ty, Ferenc Havasi, a Central Comnittee secretary, declared that socialism in Eastern Europe was shedding its "revolutionary illu-

It is not only the economies that have lost their verve. Among the biggest challenges facing East Eu-ropean leaderships is to instill a renewed sense of energy and excitement in their Communist parties.

Gone is the ideological fervor that attracted some of the best and the brightest of the Eastern bloc to national Communist movements in the 1950s and 1960s. The primary argument heard nowadays to justify the continued supremacy of the party is raison d'état, code for having to live in the shadow of the Soviet Union and the need, therefore, to pledge allegiance to Com-munism. This kind of argument at-

writer who left the party in 1981 when about one million others did. Reflecting the intellectual exproaches toward the West and tolerance of internal dissent. To a certain extent, diversity and experimentation in Eastern Europe are being welcomed by the Rus-

sians as a testing ground for new ideas and methods that may eventually be absorbed by the Communist motherland. Mr. Gorbachev himself spent time in 1983 studying Hungary's cooperative farms, which rent plots for private cultiva-Central Committee confirmed that Communist ideology retained little influence on most youth, who pre-

Some Western specialists detect loose coalitions of East European states at work attempting to moderate Soviet actions and policies -Hungary, East Germany and Romania in the foreign policy field, for instance, and Hungary and Poland in economic reform. East Eur ropean officials deny that much overt scheming of this sort takes place but concede that things sometimes appear that way.

"There is no declared intention no plan, nothing explicit," said Wojciech Multan, deputy director of Warsaw's Institute of International Relations. "But it happens. look for ways out of their economic It goes on by itself."

and social predicaments, they butt Presumably to help smooth over up against certain constraints. One growing differences, Warsaw Pact is Soviet begemony. A second is members have decided to hold what is referred to as "the leading more frequent top-level meetings. role of the party," meaning the Communist Party's monopoly on A Hungarian party official disclosed that rather than waiting for formal gatherings of the pact's page litical consultative committee council of party leaders that convenes once every two years — Eastem bloc leaders now plan to schedlinist conformity 30 years ago, each ule additional meetings when

1. 1. 1. 1. 1.

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has found important points on which to depart from Soviet think-For the East Europeans, the ing, and each has been doing so prospect of extra discussions with Mr. Gorbachev carries the hope of Poland under General Wojciech exerting greater influence in Soviet rzelski has permitted the Roman Catholic Church to become a ings could have the opposite effect, virtual junior partner in running giving him added opportunities to the country, largely out of weakrope his allies into common stands ness but also in hopes of gaining its on international and economic isassistance in subduing what re-

Despite the external and internal pressures on them, the governments of Eastern Europe still by and large exude considerable confi-dence about their hold on power. This derives in great measure from the stability and longevity of their

lectivize them. It has adopted tion, though in practice the reforms Bulgaria's Todor Zhivkov and Hungary's Mr. Kadar have governed for three decades. Romania Mr. Ceausescu this year celebrated the authorities do tolerate the his 20th year at the top. Czechoslovakia's Gustav Husak has ruled for 16 years, East Germany's Mr. Honpublic debates tend to focus more ecker has consolidated his position on nuance than substantive princisince taking charge 14 years ago.

But most of the East European Hungary under Janos Kadar is the region's leading economic reformer and has instituted a second Mr. Honecker 72. Mr. Ceausescu, physically the most vigsures moving in the direction of a orous, is 67.

Throughout the region, a new generation of leaders is coming to power. In this sense, the Soviet Union is ahead, having already ed the most privileged relations passed the torch to a man who was too young to light in World War II The new East European crop de

plays much of the same pragma-East Germany copes with the pain of division by nurturing trade and financial ties with West Gertism, the same technocratic interests as Mr. Gorbachev.

"They are a generation who have grown up under socialism," said Jan Pudlak, director of Prague's

man while constantly reaffirming ic standoff with the Kremlin last Institute of International Relayear that tested this balancing act, the East German leader, Erich tions. "Their thinking has been influenced by that fact. They haven't Honecker, openly toyed with the the sentimental feelings or the same idea of going ahead with a visit to kind of frustrations my generation West Germany over Soviet objechas had." How these "little Gorbachevs"

stand up to the main one in Moscow will go a long way toward celled the trip, but the drama showed an emboldened East Gerdetermining the future of Eastern Europe.
NEXT: Moscow stiffens trade terms.

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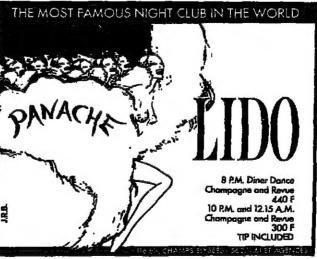
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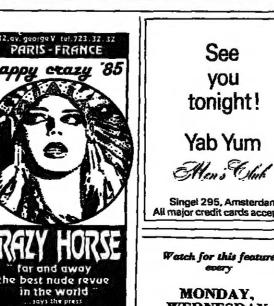
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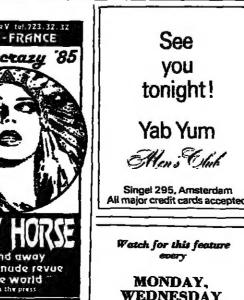
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## After Successful Gandhi Trip, Indians Look Forward to Improved Links With U.S.

By Stuart Auerbach

Washington Past Service NEW DELHI — Indians are looking forward to a new era of improved relations with the United States following what was seen here as a successful U.S. visit by Prime Minister Rajiv Gandhi.

But the recently retired Indian foreign secretary, Maharai Krishna Rasgotra, cautioned against putting too much emphasis on possible arms sales that would attempt to wean India from its military supply

relationship with the Soviet Union. He said Mr. Gandhi was unlikely to enter into large-scale arms purchases that would jeopardize New Delhi's relationship with Moscow, which he said was important because the Soviet Union is an Asian power with long borders with Chi-na, Iran and Afghanistan.

Mr. Rasgotra and other commentators here said that Washington's arms supply relationship with Pakistan remains a major irritant between the United States and India. Mr. Gandhi focused in his talks with the Reagan administration on what his country sees as the danger to it from a Pakistan armed with sophisticated U.S. weapons.



Prime Minister Rajiv Gandhi tours a space shuttle mockup at the Johnson Space Center in Houston with Vice President George Bush, left, and the astronant Robert L. Crippen.

However, Mr. Rasgotra, who that the visit went well. Almost of a prime minister's visit to the laid the groundwork for the meet- every event of Mr. Gandhi's trip United States has been available in

ing between President Ronald Rea-was seen live on Indian relevision, gan and Mr. Gandhi, concinded the first time such broad coverage

United States has been available in India.

The papers have not yet made any editorial comments on the impact of the meeting between the leaders of the world's two largest democracies, which have maintained a troubled relationship for most of the last 25 years. But two respected journalists, H.K. Dua of the Indian Express and G.K. Reddy of the Hindu, in separate interviews, called the trip a success and said it should lead to better U.S.-Indian relations.

K. Subrahmanyam, director of the Institute for Defense Studies and Analysis, acknowledged that Mr. Gandhi had made a good impression on the Reagan administration. "Such trips are always good," he said. "We will have to wait and see what concrete good emerges."

"He is moving a little closer to the United States, but gingerly, said Mr. Dua, a columnist and head of the Express News Service. "His price is definitely Pakistan." Mr. Rasgotra said that Mr. Gan-

India. dhi was attempting to head off a Leading newspapers also carried new round of U.S. arms sales to

four to five daily articles on the trip, including ones on how the U.S. press treated the prime ministration of the border worried him, and that ogy to build its own high performance weapons, thus reducing its dependence on the Soviet Union.

India and Pakistan have fought three wars since they gained independence in 1947.

India is especially concerned that Pakistan might be able to buy the Hawkeye airborne early-warning radar surveillance plane, which was used by Israel in 1982 to con-

According to U.S. and Indian sources, the Reagan administration told New Delhi that the best way to keep Hawkeyes out of Pakistan's hands was to persuade the Soviet hands. Union to ease its troops' pressure on the Pakistan-Afghan border and to stop its jets from attacking Pakistani border villages. Mr. Gandhi, in a meeting with

U.S. reporters here before his trip,

Mr. Rasgotra said that better re-

lations between the United States and India were likely to come from an agreement allowing the sale to India of U.S. high technology, including sophisticated computers. trol its jet lighters in their attack on Soviet-made Syrian MiGs.

The Indians persuaded Reagan administration officials, including the undersecretary of defense, Fred C. Ikle, that they would not allow that technology, which has potential military uses, to slip into Soviet

> The technical opening can be a very big thing," said Mr. Rasgotra, who, as foreign secretary, played a major role in negotiating the U.S.-

The Pentagon sees the agreement

its for U.S. weapons, including 40 based Afghan resistance fighters
F-16 fighters partly paid for by
Sandi Arabia. "A bigger package is bound to come," he said.

based Afghan resistance fighters
for much of the tension.

Pakistan reacted to his attack on its arms relationship with the Unit
its arms relationship with the United States by accusing India of try-ing "to drive a wedge" between it and Washington. Ior policy planning, brought a let-ter from Lockheed officials offer-ing to help India design and build ing to help India design and build its own light combat jet fighter, a goal that defense specialists in In-

> But Mr. Rasgotra expressed con-cern that Mr. Gandhi's strong opposition to Mr. Reagan's Strates Defense Initiative, his space-based weapons plan, could sour relations between the two leaders.

He dismissed some U.S. reports that Mr. Gandhi had made a major policy change on Afghanistan, saying that the only new element in the prime minister's speech to a joint session of Congress on Thursday was a comment on the need to get a government in Kabul that the three million Afghan refugees in Paki-

## View From the North: Korean DMZ Is 'Dangerous Place'

By John F. Burns

New York Times Service

PANMUNIOM, Korea — For a Westerner, there is a strangeness about entering the demilitarized zone between the two Koreas from

At the point where North and (seven-and-a-half centimeter) concrete ridge that marks the demarcation line, U.S. soldiers in helmets ringed with the twin blue bands of the United Nations gaze north-ward. Greetings shouted in English from a distance of 50 yards (46 meters) bring only silence.

Within moments, half a dozen soldiers have binoculars trained on Panmm Pavilion, the three-story structure built by the North Koreviewing point.

A U.S. officer appears in sun-

glasses, watching as the visitors from the north survey the scene in

about 40,000 is arrayed with the

southern army. Behind North Korea stand the Soviet Union and China.

that guards the entrance to the yang theaters.

zone, a 20-foot-high billboard The low-lying building with a shows a powerful young man in corrugated roof where the armistice

tween two hills.

Starring role in one of the war movies dominating the bill in Pyong-

A North Korean officer says his country has protested U.S. violations 407,000 times, or 35 times a day, since 1953.

The few Westerners admitted to shirt-sleeves thrusting a rifle butt at was signed in July 1953 passes rap-North Korea are brought here by two frightened U.S. soldiers idly by, closed for "renovations," sprawled on the ground. Behind according to Captain Zi. On a low them, the Stars and Stripes lies in hill at the center of the zone, the city of 200,000 that was bitterly desired. The legend, in Korean, procar completes the final six miles to our country."
the demilitarized zone, out of the It is one of

the company of an officer in the clive-drab tunic of the North Korean Army.

It is here, for more than 30 years, that two worlds have confronted each other.

When a North Korean major at car completes the final six miles to our country."

It is one of the few reminders of the final six miles to our country."

It is one of the few reminders of the final six miles to our country."

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It is one of the few reminders of the final six miles to our country."

It is one of the few reminders of the final six miles to our country."

It is one of the few reminders of the final six miles to look out over the demarcation line.

Captually, and without rancor, captually, and without particular states of the final six miles to our country."

city of 200,000 that was bitterly shreds. The legend, in Korean, pro- cars halt before the white concrete contested in the war, a chauffeured claims, "Make haste in reunifying building that the North Koreans use to look out over the demarca-

not yet "provided a satisfactory ex-

Botswana was "particularly deplor-

been made by the South African

and Botswana foreign ministers "to

control cross-border violence and

settle mutual problems by discus-

an observation post a short distance farther east says, "this is a very dangerous place," few would argue with him.

Two powerful Korean armies face each other across a DMZ only two and a half miles (four kilometers) wide. An American force of about 40,000 is arraved with the suppose of the arminated comes suddenly. Explains the workings of the arminated comes and the learn of ficer says that heavy weapons, including machine guns barred by the accord, are stored in a bunker below. He says protests and yellow collar tabs and leather over such matters have been made of the workings of the arminated comes and the workings of t that rate, would average 35 a day.

The captain seemed eager to dis-cuss two incidents raised by his guests. One, in 1976, involved two United States officers who were axed to death in a dispute with North Korean soldiers over the cutting down of a tree. In another incident, last November, three North Korean soldiers were shot dead after allowing a 23-year-old Soviet tourist to lunge across the demarcation line. Captain Zi's account in both cases was matter-offact, differing from the American versions just enough to shift the blame to the United States. In the November incident, he ac-

knowledged that North Korean soldiers crossed the demarcation line in defiance of the rules, but said they "had" to try to bring the Russian back, Told that U.S. reports said the tourist was defecting, the captain smiled and replied, They presented him as a defector, but it is not right." He offered no alternative description.

The North Koreans also seemed eager to place on the record other U.S. actions that they described as hostile, though not banned. According to Captain Zi, the northenters would like to exchange "friendly greetings" with their "compatriots" in the south. But he said the Americans had forbidden this. "This makes us sad," he said.

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## U.S. Questions South African 'Conduct and Policy'

WASHINGTON — In recalling Ambassador Herman W. Nickel Ambassador Herman W. Nicacz from Pretoria to protest South African military raids into Botswana on Friday and into Angola last mouth, the State Department said mouth, the State Department said is tantamount to a public statement by the said of an envoy from a country whose policies had just been condemned is tantamount to a public statement on the said of an envoy from a country whose policies had just been condemned is tantamount to a public statement of the said of th gorically such a policy which is antithetical to the goal of working for negotiated solutions and an end

said that the assaults were carried

administered since 1920.

members of the ANC.

several years to punish Mr. Ma-

chel's government for harboring

Official support for the Mozam-

ment spokesman, said Friday that "But this latest South African the raids raised "the most serious action comes against a background of

Mr. Kalb said that the United bombings and other acts of violence in South Africa against the

question about that government's, that raises the most serious ques-recent conduct and policy."

that raises the most serious ques-tions about that government's re-come to light that the team intendecent conduct and policy."

tions about that government's recome to light that the team intending diplomatic practice, the recall cent conduct and policy," he said.

ed to sabotage the Cabinda Gulf

Mr. Kalb was referring to the discovery in Angola last month of States did not condone recent South African commandos who reportedly planned to blow up oil installations jointly owned by An-

But Friday's raid marked the first

major assault against Botswana, long considered the region's most

politically stable state with one of

The raid followed two recent

South African refugees believed to be linked to the ANC, and it is seen

likely to incite fears that Botswana

its smallest armies.

"Mechanisms had been put in place to handle security concerns of both sides," the spokesman said, "and South Africa's action calls into question its sincerity and seriss in dealing constructively

■ UN Debate Sought

President Quett Masire of Botswana said Saturday that his nation would seek a United Nations Security Council debate on the raid by South Africa in which at least 16 people died, Reuters reported from Gaborone.

South Africa has conducted sev-

Crowds Riot in Soweto South African riot police fired shoteuns and rubber bullets Sunday at crowds throwing gasoline bombs at home in Cape Province on the ninth anniversary of riots in

the black ghetto of Soweto, Remers

Clashes between police and bomb attacks in Gaborone, the Botswanan capital, against black black crowds have broken out in the past on the anniversary of the start of the Soweto riots, in which 575 people died during eight months of protests against the could be torn by opposing outside forces stronger than itself. teaching of the Afrikaans language

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THE STREET OF FRENCH "SAVOIR VIVRE"

South African Raid Seen Hurting U.S. Policy (Continued from Page 1)
tance from his closest African allies, Zimbabwe and Tanzania.
In South Africa, the homes of lact that the rebels still are operatlact that the reb

ing in many parts of Mozambique is a blow to that pact and to the two politicians were damaged last to safeguard a 1978 United Nations plan for independence and a freely week in grenade attacks. Pretoria United States, which helped broker elected government in Namibia. the accord. have deplored the formation of a out from Botswana by gnerrillas of the banned African National Con-To honor the agreement, Mr. Machel forced his longtime ANC new government without elections and without SWAPO. allies to abandon his country a base of operations and seek other points eral cross-border attacks in recent of entry into South Africa. Because years against insurgents based in

gress and led to Friday's retaliatory raid. Official figures say that nearly September in racial violence that of its long, sparsely guarded border with South Africa, Botswana has flared again Sunday on the anniversary of the 1976 Soweto uprisbecome a prime replacement despite efforts by that government to avoid being entangled in the con-All of these incidents have their origins in the internal situations of South Africa and Namibia. The at-

South Africa planned to install tacks on Angola are in large part a an interim government Monday in Namibia. President Pieter W. Boresponse to that government's harboring of insurgents of the South-West Africa People's Organization, tha was to hand over all government powers except security and which has fought a 20-year bush war to oust South Africa from the

former German colony that it has Soviet Nuclear Test Reported Similarly, Pretoria funded and guided the Mozambican rebels for The Associated Press

STOCKHOLM - The Soviet Union has detonated a nuclear device near the Chinese border, according to the Swedish Defense Re-





GRACIOUSLY HYATT

## A U.S.-Indian Beginning

It was good to have Prime Minister Rajiv Gandhi in town. His manner was winning and his approach to America relatively sympathetic. It remains true that the democratic character of the two countries is mutually gratifying and an advantage in working out the subtle and not so subtle tensions between them.

These tensions arise from real differences in culture and development and, more, from an abiding disagreement over the political structure of the Asian subcontinent.

India's view is that South Asia is a region in its own right, that India is dominant in it and that this dominance, specifically over Pa-kistan, should be acknowledged by all. That Moscow makes this acknowledgment fully and that Washington does not encourages "non-

aligned" Delhi's familiar pro-Soviet tilt.
Washington has seen South Asia not just as a region but also as an arena of the East-West contest. This is the basis of the U.S. military tie to Pakistan, a country that successive U.S. administrations have regarded as a useful friend and that India regards as an upstart craving revenge for three lost wars and perhaps tempted by a fourth, this time with a (stealthily built) nuclear bomb in hand. That India has already exploded a (stealthily built) bomb is taken by Indians as something of a

natural right that they need explain to no one.

This abiding disagreement extends to Afghanistan, India has politically comforted the Soviet invaders. The United States has supported the resistance. In Washington Mr. Gandhi spoke somewhat more emphatically than before about the urgency of a political settlement. But it would be a surprise if India, content with Moscow's policy in the subcontineat, were to push it much harder on Afghanistan. There may be solid geopolitical grounds for doing so: India's need to keep Pakistan a sturdy buffer against Soviet encroachment and strategic encirclement. But Delhi is not guided exclusively by this larger view.

Rajiv Gandhi's relative youth (he is 40) and his technological bent fit nicely with the development requirements that India was already perceiving when he took office. Spotting the opening, the United States has moved briskly to offer the requisite high technology and encouragement to free enterprise. This is important. The Indians are chary of buying weapons from a source likely to tie tighter strings on their use than do Delhi's Soviet suppliers, but over time this, too, could become a larger area of Indian-U.S. cooperation. It is worth both countries' striving for it.

- THE WASHINGTON POST.

## Remember the Deficit?

Reality has begun to intrude on the discussion of federal budget deficits. This bealthy illumination makes the problem even more difficult than it appeared last month. It also forces attention back to raising taxes.

The reality is that both the Senate and House overstated the future savings in their projected budgets for fiscal 1986. The errors occurred largely because both blithely accepted the administration's optimistic forecasts for growth and interest rates. Both houses recently estimated in budget resolutions that the deficit next year would be reduced by \$56 billion. Already, the administration and the Congressional Budget Office agree that the 1986 reduction will be smaller, possibly by one-third. Moreover, they now predict a 1988 deficit of at least \$149 billion — a long way from the advertised target of \$100 billion — and maybe even close to the present \$200 billion.

Higher taxes will be needed after all. Taxes cannot be raised unless President Reagan changes policy and leads the effort. But the president remains adamantly opposed and has now distracted the country by devoting himself entirely to a tax reform plan that, by his If neglected, they will get worse. own estimates, would enlarge future delicits.

The administration has pretended all year. and Congress pretended to believe, that substantial deficit reduction and tax reform could be accomplished in a single year and kept discretely apart. That might have been possible if Mr. Reagan had contributed to deficit reduction with a tax that is unaffected by reform — a sales tax on gasoline, for example. But neither project looks feasible if he offers no new taxes and insists on reforming taxes in a way that would reduce future revenues.

Impossibly, the president contends that both projects have "priority." That sounds suspiciously as if neither has. A priority takes precedence, and there should be no question that deficit reduction is essential, whereas tax reform is desirable. It has been possible all along that the reform debate would in any case run over into next year or even the next Congress, starting in 1987. The new estimates imply that even then only a tax increase can achieve enough deficit reduction to permit a

shift of attention to reform. Everyone's priority seems to be wishing that real problems would just go away. They won't.

## Free Ethiopia's Farmers

The rains are coming in Ethiopia, but since drought was never the major cause of famine they are unlikely on their own to lead to plenty. The real problem lies in civil strife in the countryside and in the junta's Soviet-type farming policies. These twin disruptions have been focused in the north, where the prospects remain grim. In the south, less afflicted by violence and the junta's heavy-handedness. conditions are better. This is the critical point to bear in mind as Ethiopia and its would-be rescuers turn from a necessary preoccupation with relief to an effort to rebuild.

Much still needs to be done to improve the unclog ports and release army trucks for food transport - and be denounced for its continuing reluctance to let relief missions enter rebelheld areas. But the main requirement is to recognize the emerging priority of enabling the

country to grow more of its own food. For years, the Ethiopian armed forces and their assorted challengers have ravaged the countryside, forcibly recruiting peasants for military campaigns or treating them and their fields as the enemy. Meanwhile, the government destroyed the country's agriculture by enforced collectivization, price manipulation and other administrative means. If Ethiopia is to feed itself, all of this must be reversed.

The fighting and the political rigging must stop. Farmers must be left alone to grow their crops. They will have problems of seed, fertilizer, credit, transport and the like, but these are the sort of problems that they have traditionally solved. They do not need a big state apparatus or foreign network. They never had these things, and they grew a lot of food.

There is no wand to be waved to make

officials and rebels leave the farmers alone. which has the first responsibility to care for the people it claims are its citizens - have long since shown they are ready to put a quest for power ahead of considerations of human life. But they, all of them, need to be made accountable for their policies. They need to be held to a standard of responsibility. Nothing heroic or technical, nothing beyond their resources, is being demanded of them. They should just be

expected to get out of the farmers' way. — THE WASHINGTON POST.

## A Reagan-Gorbachev Initiative

LOS ANGELES — The long impasse between the Soviet Union and the United States may possibly now be resolved. The unfolding of recent events may make the time right and ripe. An opportunity has arisen that will enable the present antagonism to suddenly melt into a cooperative spirit.
Why has this "impossible event"

now become possible?
President Reagan, whose prior pronouncements were bitter and sometimes belligerent, has been turned by events into a cooperative spirit. He is presiding over the United States for the last time. His eye is no longer on political consider-ations. He can have only one ambition - the noblest kind: to go down

in history as a peacemaker.

His second, although subordinate, consideration is that if he can achieve a verifiable agreement for the reduction in armaments, the only mark that would be against him, now that he has gone a long way toward solving inflation prob-lems, would be the deficit. But if the United States could free itself from devouring military expenses, the

deficit could disappear.
Mikhail Gorbachev's motivation for peace is similar to Mr. Reagan's. He, 100, would be hailed by generations to come if he could end the strife and its resulting menace to all - and by such an achievement could take his place alongside Lenin in Russian history. The burdens of armaments weigh heavily upon the Russian people, just as U.S. expenditures do upon Americans.

There is no public bookkeeping system to reveal this in the Soviet Union, but books are not necessary. The standard of living of the Russian people is far lower than the dream of revolution envisioned. If Mr. Gorbachev could relieve his treasury of the exhausting expenses of the arms race, the Russian people could enjoy a higher standard of living. Mr. Gorbachev would be blessed by his people not only for peace but also for giving them a better quality of life.

The rewards for establishment of a genuine friendly relationship are so immense, and the time is so right, that both sides must dare to make concessions previously considered impossible. The technical problems in disarmament are so involved and complex that the greatest experts on both sides may honestly differ. When one is dealing with nuclear weapons, which can never be fully

By Armand Hammer The writer, chairman of Occidental Petroleum Corporation, has had frequent husiness dealings with the Soviet Union in the past and is visiting Moscow this week to meet General Secretary Mikhail Gorbacher.

tested because there would be nothing left to test, agreement is made more difficult. Thus we must reach a point that goes beyond military mathematics, and both sides must recognize that there is little to lose

in trusting the other.

The growth of mutual trust, in turn, involves psychological elements, not merely deeds. The creation of a psychological momentum is itself the greatest deed. One way to achieve this would be

a meeting before the end of 1985 between Mr. Reagan and Mr. Gor-bachev. II. in the meantime, both sides refrained from rhetoric condemning each other, that would set the stage for a successful meeting. Mr. Reagan could win over the Russians by offering to go to Russia for the first meeting, with a return visit by Mr. Gorbachev next spring. Neither leader has been in the

other's country. What is there to

lose by meeting and getting to know each other? If both sides could declare to the world, at such a meeting, that neither would be the first to use nuclear or conventional weapons in an attack upon the other and, fur-ther, that the two leaders intended to hold additional meetings at regular periods because they were deter-mined to achieve friendship, good-will and good progress in the ne-gotiations in Geneva, there would then be an electric shock of gratification throughout the world.

Such a mutual announcement with an earnest handshake might cause celebrations and dancing in the streets, like the declaration of a cease-fire at the end of a war. And from this, in turn, would flow such a flood of approval and stimulation that the process of reconciliation would be accelerated beyond any

## possible anticipation. There is an opportunity for Ron-ald Reagan and Mikhail Gorbachev to achieve immortality. There is an opportunity for a better world. The cynics and doubters on both sides must be ignored. Pindar, the Greek poet, said, "We must exhaust the limits of the possi-Everything is possible. The New York Times.

## But Gorbachev's Options Are Limited by the System

By Robert D. Hormats

question the need for Mikhail Gorbachev to initiate significant eco-nomic reform. Much less certain is how far he will go — and what will be the consequences for Soviet relations with the rest of the world.

Nearly 300 years ago, one of Mr. Gorbachev's predecessors, Peter the Great, journeyed incognito through Western Europe and found it in the midst of an industrial revolution that had barely touched Russia. The experts and new technologies that he brought home launched Russia on the path of modernization.

Mr. Gorbachev's Soviet Union is of course a far different place from Czar Peter's Russia. It is highly industrialized and capable of impressive technical achievements. But its economy overall has failed to innovate and has fallen seriously behind. It is an unattractive model for the rest of the world and generates little domestic enthusiasm.
Soviet technological development

has lagged. The Kremlin continues to tightly control production, prices, computers and information. In contrast, in recent years, the West has experienced dramatic technological progress and a spurt of entrepre-neurial energy. Many industrialized and developing nations have reduced government regulation and increased market incentives.

China's success in relying more on market forces must raise disqui-eting questions in the Kremlin. China has farm surpluses. It has loos-ened state controls and embarked on promising industrial reforms.

But the Soviet Union is not China. The Cultural Revolution and other upheavals weakened Chinese party structures likely to oppose reforms. The Soviet party and oureaucracy are more entrenched and insistent on maintaining their privileges. The Kremlin may also fear that decentralized economic decision-making could spur pressures for greater autonomy in Eastern Europe and among non-Russian peo-ples in the Soviet Union.

Nevertheless, Mr. Gorbachev doubtless sees the need at least to cosen some controls.

First, agricultural production. China has permitted a growing pur-tion of farm production to be sold

N EW YORK — Few people, in the Soviet Union or the West, could do likewise, but that would violate orthodox ideology. A more gradual approach is likely. It must be recalled that before he became general secretary Mr. Gorbachev had party responsibility for agriculture and could make little progress.

Second, industrial moderniza-tion. This would require cuts in redundant jobs, greater autonomy for factories and, ultimately, sale of many goods at nonregulated prices. Such measures would likely be resisted by party officials and the vast bureaucracy fearing a loss of influence. Less ambitious steps, stressing at first productivity bonuses and discipline, are more likely.

Third, broader use of information technologies, Military and research facilities have taken advantage of computers, but access has been restricted for most industries. The Kremlin will have to confront the fact that modernization will depend on expanding the use of computers and related technology. There will

be much party resistance. But even should Mr. Gorbachev launch major reforms, we must guard against assuming that they would automatically lead to more moderate Soviet international behavior. More rational economic decision-making could strengthen demands for more trade with the West and for channeling resources to the nonmilitary sector. But these develcoments are unlikely to end the military's first call on resources.

Moreover, the party might try to offset a loss of comomic control by strengthening its influence in other areas, improved economic growthwould undoubtedly mean increased vigilance in guarding against a do-cline in Soviet power in Eastern Eu-rope. It could also make the Russians a more formidable adversary.

We may soon get some indication of whether Mikhail Gorbachev's reforms will do for the Soviet Union today what Peter's did for Russia. But we may have to wait much long-er to see how they affect Moscow's foreign relationships.

The writer, an economic official in the list four U.S. administrations, is a vice president at Goldman, Suchs & Company, unresument hunkers. He contributed this comment to The New York Times.

## And Reagan Seems to Prefer Talking Big and Thinking Small

By James Reston

WASHINGTON — On the two major issues before the U.S. government today, the control of the budget and the control of nuclear weapons, President Reagan has

recently been trying to avoid a break with Congress and the Russians. Against the opposition of some of his supporters in the cabinet and on Capitol Hill, he compromised on the military budget and on Social Security, and he agreed to stay within the limits of what he had called the with the Soviet Union on the reduc-"fatally flawed" SALT-2 treaty in tion of nuclear weapons on Earth. order to keep the arms talks going.

"go" in Mr. Reagan, but he usually pulls back before he hits the wall. What he does is to buy time. But it is not at all clear that these tactical maneuvers will suit the two

momentous issues on which his ad-ministration is likely to be judged. The Economist of London asked the other day, "What will Reagan leave behind?" What indeed? Something for the future security of the

nation? Or just anything that gets a laugh or a vote for the day? He has left no doubt about his

diffectives, which are not modest. He wants to reduce the authority of the government at home and increase it abroad. So he wants to decrease domestic spending and increase military spending; and he wants not only to come to terms which they say they are willing to weapons in outer space, which the Russians say they will not do. In short, Mr. Reagan deals with every-

thing except the contradictions. Even when Mr. Reagan and Congress agree on the budget, which they will do after a lot of fussing and posturing, they will still have the most spectacular budget and trade deficits in American history.

And even after buying time to

keep the Geneva talks going, Mr. Reagan and Mikhail Gorbachev will have to decide whether they want to go on damning one another about the things that divide them or begin

to think, for a change, about the

things they have in common. Mr. Reagan says he is presiding over a "second American Revolution." and this is what he wants to leave behind. But he is not really a revolutionary man. He is a wobbly conservative who believes that more bad things and backing into the fu-

ture than by risking new things. When he gets \$38 million for the "contras" in the Nicaraguan war, and a compromise on his military budget, and more time to talk to the Russians about arms control, he will still be in a bind. He compromises with everybody but convinces no-body who looks even occasionally at the military and economic facts.

And so, for the time being, President Reagan and General Secretary Gorbachev are fencing with one another, playing tactical games.

If Mr. Gorbachev were to come

forward with specific proposals for a 25- or even 50-percent cut in the military budgets of the two countries or in nuclear arsenals, with guarantees of continuing verification, it is hard to believe that U.S. public opinion would prefer Mr. Reagan's theoretical "star wars" deto practical cuts of that size.

There has long been solid scientific support for a comprehensive nuclear test ban - almost achieved in the Kennedy administration. But when Mr. Gorbachev endorsed the idea again the other day, it was dis-

missed without explanation. The main argument is that there is nothing new about Mr. Gorbachev. just the same old one-eyed leader. But when he is seen taking strong

measures at home to control alcoholism and to face up to the facts of the Soviet Union's staggering economy, there is some reason for thinking that maybe, just maybe, a new pragmatism is emerging at the top of the Moscow government that

is at least worth exploring.

Maybe, too, as many officials in Washington say, this is all smoke and mirrors. But the magnitude of the economic and military problems requires more than dreamy talk about "star wars" and "a second American Revolution."

President Reagan talks big but thinks small. He waves his bat like Babe Ruth and points to the rightfield bleachers, but then he bunts, If the budget deficit and the trade deficit and the arms race are not tackled soon with much bolder policies, it is fairly clear what Mr. Reagan will leave behind - not only a wave and a smile, but a more unbal-

anced and dangerous world. The New York Times.

## Other Opinion

## Stop Dealing With Hijackers

Hijacking takes a random set of people, most of whose contact with political causes or armed struggle has been no closer than their television screens, and projects them into an anarchic hell where there are suddenly no limits to pain and humiliation and no rules to guage they barely understand, and on the there any way to prevent such outrages?
In recent months, Iraq gave sanctuary to a

family who had purloined a plane (200 passen gers) to escape from Iran. Taiwan awarded a suspended sentence to a young Chinese who redirected a British Airways (light (355 passengers) on its way from Hong Kong to Beijing. Havana, Algiers and many others have been prepared, on occasion, to turn a blind eye.

Only when such behavior brings total diploensure they will survive. Their fate depends on matic ostracism will the sky-pirates be defeatscreaming fanatics whose motives and lan- ed. Of course, there will never be complete insurance against the airborne suicide bomber. actions of distant governments over which But civilized governments must give no quarthey have no control. There is nothing they can ter and do no deals. Those foolish enough to do except keep their heads down, and pray. Is give encouragement deserve to be regarded as no better than hijackers themselves.

- The Sunday Times (London).

1910: Armed Miner Calls on Taft NEW YORK - An insane man armed with a LONDON - Thanks in part to the governloaded revolver called at the White House for June 161 and was entering President W.H. Taft's office when he was arrested by a White House attendant. He had presumably intended to shoot the President. He was taken to jail. where it was learned that his name was James Stricklin, a miner from West Virginia. He stated that President Taft had advertised in the newspaper of his city that he wished him to go to the White House. There was no intention on his part to do the president any injury, but he was fully convinced that it was the President's intention to talk over the miner's grievances

with a view to having them remedied.

FROM OUR JUNE 17 PAGES, 75 AND 50 YEARS AGO 1935: Protection for British Steel

ment's willingness to employ the tariff bludgeon, the British steel industry has obtained favorable terms from the Continental steel cartel. Last week an agreement was reached which will come into force on August 8, replacing the arrangement patched up in April after the British tariff had been hoisted from 33% to 50 percent. The new agreement provides that for the first twelve months imports of all iron and steel products into this country from the cartel territories shall not exceed 670,000 tons. while thereafter the maximum is to be 525,000. British industry will enjoy something approaching a monopoly in the home market.

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BONN - Last month the leaders of seven nations met in Bonn to confront dangerous trends in the world's economies. Although this was the 11th such economic summit in as many years, it may have been the least successful. It was characterized by three failures:

First, neither the Europeans nor the Japanese seemed able to adopt policies to help offset a decline in the American economy. The Reagan ad-ministration's effort to cut the budget deficit for 1986 makes some sort of slowdown in the U.S. economy inevitable. A decline in the purchase of Japanese, European and Third World exports in the United States could destabilize those economies as well.

Second, there was little significant discussion about the key economic problem in the world today: the overvaluation of the U.S. dollar brought on by a large budget deficit and re-sulting high interest rates. Third, no agreement was reached

on fighting protective tariffs and heading off trade wars by setting a date for GATT revision. Nor was there agreement to link a GATT meeting with currency reforms. What will happen to the world's

economy before the next economic summit is held in Tokyo next year has mostly to do with what will happen to the American economy. The United States faces a double dilemma of deficits: a serious debt load in its domestic budget and a growing debt in its international trade.

The chairman of the U.S. Federal Reserve Board. Paul Volcker, was correct when he said that the United States is financing its deficits with savings from elsewhere in the world, causing a drag on spending in other nations where the savings are no longer available. And he was correct in saying that America is moving

from being the world's largest creditor to being its largest debtor.

Right now it can still afford its deficits, but by 1936 it may find it more expensive to borrow to service its foreign debts. A lot of foreign control is invested in the high value. canital is invested in the high-value dollar, but what if those abroad wish to have their interests transferred

Economies in Peril: The Bonn Summit Failed to Point the Way

By Helmut Schmidt The writer, an economist and politician, was West German chancellor from 1974 to 1982. This is the first of two articles.

into their own currencies? From where would America borrow then? To many American politicians the crisis seems overstated, especially when U.S. deficits are measured in relation to GNP. Using that yard-stick, the budget deficit does not look bad compared with other industrial countries. According to the OECD, last year the U.S. deficit was 4.2 percent of GNP. West Germany's 2.5 percent, France's was 3.4. Britain's 3, Canada's 6, Japan's between 6 and 7 and Italy's 13.

A more important measure, how-ever, is the extent to which a government sucks in private savings to fi-nance its deficits. If the private sector does not save more than it is investing, no savings will be available on which the government can draw, no matter what percentage of GNP the deficit is. If a government borrows money anyway, the credit must come from a central bank such as the Federal Reserve System (which would then have to print more money) or it could come from abroad.

Countries with low private-sector savings rates thus have less room to maneuver with their debts. The United States has the lowest savings rate of all the industrial countries: In the last two years, 5 to 6 percent of dis-posable income of private households went into savings. By comparison, personal savings in West Germany amounted to 12 percent of disposable income, and in Japan they were 18 percent. Assuming approximately the same relative corporate capital requirements in the three economies. West Germans could have permitted themselves a relative budget deficit twice as high as America's, and the

lananese three times as high. In 1982 the Japanese government drew off about 25 percent of private savings to finance its deficit and in 1983 less than 22 percent. The figure for 1984 will doubtless be similar. In 1982 the West German government used 40 percent of private savings; in

1983 it used 30 percent. The trend for 1984 is again toward a lower figure. By comparison, the U.S. government consumed about 70 percent of pri-vate savings in 1982 and 1983. Recent data indicate that the number for

1984 will be slightly better. Because the Federal Reserve under Mr. Volcker has consistently refused to increase inflation by printing more money, only 30 percent of domestic savings were left to provide money needed for industry and commerce not nearly enough for economic recovery. Therefore, a large volume of capital and credit has been imported from abroad, pushing the U.S. for-eign debt into ever higher figures. In

1984 there was a net inflow of more than \$100 billion, and estimates for 1985 inflow are similar.

A reduction of the budget deficit for 1986 of \$50 billion and another \$50 billion for 1987 are the minimal amounts necessary to stem the swelling of American debt. Additionally, tax incentives for savings will be needed to lower interest rates and exchange rates. The consistently high value of the dollar, however, seems to indicate that international markets deficit proposals will be applied. Meanwhile, Japan and Western Europe have largely benefited. The high dollar — which has increased in

average value over the currencies of America's 13 most important trading

1500

Last year Japan increased its ex-

No matter which country benefits for now, an imbalance in trade of have little faith that Mr. Reagan's such proportions will hurt all the trading nations in the long run.

This comment has been excerpted

## LETTERS TO THE EDITOR

Computers Cost Jobs

I read the results of the survey sponsored by the International Her-ald Tribune, the Atlantic Institute and Louis Harris International with interest. Unfortunately, however, Nancy Beth Jackson's report gives credit to the elitist nonsense that the

true problem of unemployment is the general public's "short-term view." The average person is seen to live in ignorance about the information revolution, refusing to retrain in com-puter know-how and therefore becoming "unable to function in an information economy." The writer contrasts this public shortsightedness with the so-called long-term view of the "policy-makers" who envision a

post-industrial society. The public's reaction seems to be more sound than that of the policy-makers of the OECD countries. Indeed, the writer paraphrases Thomas

T. Stonier, head of the Science and Society Department at Bradford University in England, to the effect that "new information technology would create new jobs" but that "the

increase in employment." That means that the total number the future, either. In these circumstances, why should it be expected that a soundly reasoning person re-train himself for professions in which

mism — as I did in "Beyond Mono-poly Capitalism and Monopoly So-cialism" (Schenkman, Cambridge, Massachusetts, 1978) — that the pre-sent crisis is a crisis of our social tific revolution. To believe this would be wishful thinking about the "com-

G.C. ANKERL.

partners by 40 percent since 1980 has made the United States an El Dorado for Japanese, European and even Latin American exports.

ports to the United States by about 45 percent, Western Europe by about 30 percent, OPEC members by about 15 percent and Latin America by about 25 percent. The United States had a trade imbalance with Japan alone of \$37 billion, triple the 1980 figure. The biggest single deficit, \$18 billion, is in automobiles.

from The Washington Post Magazine.

Regarding the reports "Job Loss to Computers a Wide Fear, Poll Finds" (May 30) by Nancy Beth Jackson and "Unemployment Is Still Primary Wor-ry" by Charles D. Sherman:

new opportunities will not mean an of jobs available will not increase in

employment is not assured? We should admit with some pessisystem and that the high unemployment is not a catharsis by which capitalism soundly reacts to the challenge of the so-called technological-scien-

ing bright future." as in Marxism — unsubstantiated by factual analysis.

In response to the opinion column "The Real Trouble Is Competition It-self" (June 7) by Alfie Kohn: Every so often competition is

Competition Is Human

pulled out, as if directly from Pandora's box, and blasted to hell and back. But competition can be rugby players drinking together in America, eating together in France and singing together everywhere. It is Martina Navratilova and Chris Evert Lloyd walking off the center court at Roland Garros arm-in-arm, congratulating one another warmly before a rapt audience. It is being able to say, after having done one's best, without humiliation: Wait till next year.

Competition is here to stay. It is a very natural product of a creature who combines imagination with thinking and feeling. So whatever the drawbacks, the problem is how to reform it, not whether to allow it. The issue of competition is serious; its demons are crucial targets. But we

must take aim and aim straight. LEE A. ARCHER 3d. with the said

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Section 1989

## FRNs With Lids Launched **Under an Improved Formula**

By CARL GEWIRTZ International Herald Tribune

ARIS — A lid on how high a floating rate coupon could rise was introduced last week into the Eurobond snarket.

The concept comes close to the ill-fated "mini-max"

FRNs of last February, which had a fixed range of minimum and maximum coupons. The four issues marketed under the earlier formula failed to attract much support because the high minimum coupons of 10 means which was attraction. the high minimum coupon of 10 percent, which was attractive relative to the 5 to 54 percent offered on standard floaters, was not enough to offset the relatively low caps of 111/2 to 111/4

That upper range just about coincided with the rate those four borrowers would have then Furobond Yields
For Week Ended June 12
U.S. is term, Int inst. ...
U.S. song term, Ind. ...
U.S. medium term, Ind. ...
Con's medium term ...
French Fr. short term ...
Sterling medium term ...
Yen medium term, Int'i Inst.
Yen ig term, Int'i Inst. ...
ECU short term ...

had to pay for fixed-rate issues — a situation which investors considered inadequate protection against the possibility of a sudden increase in short-term interest rates. In addition, the margin paid over the London inter-bank rate — which ranged ECU short term
ECU medium term
ECU long term
EUX long term
LuxF medium term
LuxF medium term
Colonidad by the Longmont from %-to-%-percent - provided no special added incentive to investors.

The new maxi-bonds -\$200 million for Banque In-dosuez and \$400 million for Banque Française du Commerce Extérieur — have been tailored to take account of these drawbacks. Indosuez sets a maximum coupon of 13 1/16 percent and BFCE

Total Dellar Equivalent
Cadel 22,279,9 18,301.1 3,778.8
Eurocleor 41,397.7 38,282.7 3,115.0 13 percent, close to 3 points more than these French state-owned banks would currently have had to pay for fixed-rate money. In addition, the margins — %-point over the average of the three-month London interbank bid-offered rate (Limean) for three-month Eurodollars paid by Indosuez and %-point over the three-month bid rate (Libid) paid by BFCE — are attractive.

Credit Lyonnais, for example, a week earlier paid 1/16-point over six-month Libor for a classically structured 15-year FRN.

Market Turnover For Week Ended Jone 13 Delignon of U.S. Deligns)

ASSUMING that normal %-point difference between bid-offered rates remains stable, the interest Indosnez is pay-ing is equal to 5/16-point over Libor while BFCE is

paying W-point over Libor.

In today's market, these levels look tich and institutional investors responded by racing for the paper. FRNs usually open trading at a discount from the par offering price, in the region of the front-end fees paid to underwriters. These two issues, howev-er, ended the week at a premium with investors offering to pay

Why these two issues were so richly priced is explained by the fact that the cost of money to the issuers was substantially below what they seemed to be paying. In effect, the issuers were sharing their savings with investors to assure solid placement of the notes.

The cost saving is directly related to the maximum coupon. The rate caps, which should be viewed as an insurance policy against short-term rates rising beyond 13 or 13 1/16 percent, have been sold to some companies or financial institutions looking for that kind of protection for 12 years—the life of both issues. There is kind of protection for 12 years — the life of both issues. There is no product available in the financial futures markets that could

offer that kind of coverage.
What exactly Indosuez and BFCE did is not being revealed. either by them or Lehman Brothers, the investment bank that developed the package. But, in effect, Indosuez and BFCE have either agreed to provide their counterparties with fixed-rate loans at any time over the next 12 years, or the banks may have agreed pensate their counterparties for the difference between the fixed maximum coupon rate and the three-month interbank rate

any time that exceeds the coupon rate. The cash received for selling this option effectively cuts the borrowing costs of the banks. Indosuez, after including the frontend fee to underwriters of ½-percent (or 50 basis points), is paying 2 basis points over Limean for its money. BFCE, including the frontend fees of 30 basis points is paying 2.5 basis points. ing its front-end fees of 30 basis points, is paying 2.5 basis points

Elsewhere, Hydro-Québec's attempt to revive the mismatch coupon formula was not well received. It offered \$200 million of 17-year FRNs with interest pegged at six-month Libid set monthly. If the one-month rate is higher than the six-month rate, interest will be set at the one-month Limean until the normal yield curve is reestablished. Currently the six-month rate is 3/16 point higher, enabling lenders to pocket that as profit. But as total remuneration, in addition to a front-end fee of 35 basis points, that was deemed too thin and the notes ended the week at a discount of 40 basis points.

The Bank of Greece, which offered 500 million Deutsche marks of 10-year FRNs, also traded outside its front-end fees of (Continued on Page 9, Col. 1)

## Last Week's Markets

Stock Index	xes	Money Rates			
United States		United States	Less Wit.	Pres.Mic.	
Lost Wit.	Prev.Wit. Chipe	Discount rate	7.50	7.50	
DJ Indus 1,300.96	131642 - 1.29%	Federal funds rate	75/16	79/16	
DJ UHI 1646F	163.88 +0.24%	Prime rate:	10	30	
DJ Trons 636.94	653.45 -263%	Japan			
5 & P 100 190.93	18148 -143%				
S & P 500 187,10	18957 -1-197%	Discount	5	5	
NYSE Cp. 108.56	109.97 -1.36%	Call money	6	63/16	
Source: Production Bache Sucur	Wes.	60-day interbank	54	616	
Britain	· .	West Germany		6	
FTSE 100 1.272.60	1.310.60 2.99%	Overnisht	55/16	516	
FT 30 979.98	1,001.60 -3.16%	1-month Interbook	57/16	51/2	
Hong Kong		Britain	3//10	372	
		Bonk bose rote	1234	121/2	
Hong Seng_ 1,441,97	1,542.55 -6.58%	Call money	7734	124	
Japan		3-month interbonk	1246	121/2	
Nikkel DJ 12,685.25	12,453.84 +0.25%	Dollar Lustw	L Prev.WE	Cirps	
MIKKELDJ 12005.D	ILEUSER THE IN	Bk Engl Index 1450	A IA	-4	
West Germany		Gold	, N.A.		
Commerzbk 1,370.90	1.363.40 +0.55%	London p.m. flx. 3 318.2	31430	+126%	
Source: James Capel & Co. Lond		Referent publicato from Calibrati		e/inst	

## **Currency Rates**

Cross H	stes							Jun	e 14
	\$	5	D.M.	F.F.	MT	Gler.	B.F.	S.F.	Yen
Amsterdom	3.4685	4417	11277 *	34.945 °	0.1769 *	_	5588 *	133.96 *	139,25 1
Brussels(E)	12 0725	78.92	20.1565	44125	1145	17,7630		24,023	24.92
Frankfurt	3.848	1911	_	22.5g *	1.577 x	M.755 *	4361 *	118.55 *	1.7355
Landon (b)	1.2805		25112	11,9523	2,487.30	44073	72.83	3.291	312,705
Milan	LUSZUE	2,495,00	437,10	201.47		545.00	31.613	· 755.94	7.369
New York(c)		4.7794 #	7.0575	9.24	1,942.08	3.57	6.7	257	2678
Poris	9,372	11.948	3,0498		4716 x	278.38	15,125	3,6225	37705
Takvo	249.25	315.55	80.61	26.42	200	71.55	377.50	9572	_
Zurich	2.5735	1207	84.825 *	75.59°	0.1319 *	74.445			1.0352
1 ECU	0.7301	0.5726	2249	43445	1.0280	2505	E2112	1.884	101.07
	0,997679	0.77792	196588	9.35825	1,950.46	3.4685	61.5785	2.5665	26,321
Closings in L (a) Commen dellar (*) Un	cial fram	: (b) Amo	vais nee	ded to bu	Y OF POL	md (c) A	mounts n	eeded to	SUY ON

Other Dollar	Values		
Cerronicy per U.S.S Arges, peac 778.00 Austral, S 1.5126 Austr. schil, 21.73 Belg, fin. fr. 62.A2 Breatl crez. 5470.00 Comedins \$ 1.348 Denists kross 10.5675 Egypt, pound 8.7519	Corrency per U.S.S Fin. markter & 441 Greek droc . U.S.2.S Hoog (Corp. 5 7.772 Indian rupean 1.236 India rupiah 1.118.00 Irda E . 0.9877 Israek shek. 1.123.10 Khyepid dimer 0.2034	Corrector per U.S.S. Makey, ring. 2471 Mex., wing. 2402 Mer.w. krose 28025 Phil. pess 17.59 Porl. escudo 17.59 Send. rivol. 34755 Sino. 5 22465 S. Afr. road 1,981	Seen pessio 175.80 Swed krons 8.86 Tokson 5 29.77

Saurces: Banaue du Benetus (Brussels), Banco Commerciale Italiena (Allian); Banaue Na-lianale de Paris (Paris); Bank of Takya (Takya); IMF (SDR); BAII (dinar, riyal, dirham). Other data from Reuters and AP

## **Idle Plants** Are Tied To Dollar

U.S. Survey Cites Currency's Rise

The Associated Press NEW YORK — The dollar's strength has been cited by nearly 10 percent of the largest U.S. manufacturers as the main reason their plants are not running at capacity, according to a survey released Sunday by the Conference Board.

Among the hardest hit are producers of nonelectrical machinery, iron and steel and paper, the U.S.

business-research group said.
"Where the dollar is damaging American industry, survey results strongly suggest that the impact is severe," said Roger Kubarych, chief economist of the board. For those industries being hurt, mean-ingful relief would involve a major realignment of exchange-rate rela-tionships."

The dollar has surged more than 70 percent during the 1980s, re-bounding from depressed levels, according to the Federal Reserve Board's index of the dollar against the currencies of 10 other industrial countries. That increase has made U.S. goods more expensive to for-eign buyers while making imports more affordable for Americans. A third of the 1,000 largest man-

ufacturing companies questioned in the Conference Board's spring survey said they had more than adequate plant capacity.

Of those operating below capaci-ty, 28 percent said the high value dollar was the major reason. Sixty-three percent of the non-

electrical machinery companies blamed the dollar for idle capacity, followed by 43 percent of the iron and steel companies and 38 percent of the paper-product businesses.



Norsk Hydro's president, Torvild Aakvaag, and an ammonia plant in the Netherlands.

## Norsk Hydro Focuses on Fertilizer

By Bob Hagerry
International Herald Tribune
LONDON — Fertilizer executives are fond of arguing that
their industry is bound to recover from its present shump "be-cause, damm it, the world's got to be fed," as one puts it. For all their pious talk, however, most big Western chemical companies view fertilizer as a savagely com-petitive, low-profit business and are looking elsewhere for growth. Three northern European

companies see it differently: Norway's Norsk Hydro A/S, Finland's Kemira Oy and Den-mark's Superios A/S are buying the fertilizer plants and sales out-lets that others find unexciting and unprofitable.

Norsk Hydro has been the most ambitious. If it completes recent agreements to acquire operations in France and West Germany, Norsk figures it will

be the world's largest fertilizer company, surpassing even Inter-national Minerals & Chemical Corp. of the United States.
"We believe there is a big po-

tential for improving results in this industry by investing in more efficient processes, by improving productivity," said Torvild Aakvaag, Norsk's president. To be more efficient, Norsk believed the said of the lieves it needs to be large enough to continue building state-of-the-art plants, which can cost hundreds of millions of dollars.

Others agree. "There will not be many small companies around," predicted John Mar-shall, head of fertilizer opera-tions for Imperial Chemical In-dustries PLC, Britain's biggest fertilizer producer.

Unlike most big chemical companies, Norsk always has seen fertilizers as one of its main businesses. The company, which

is 51-percent-owned by the Norwegian government, was formed in 1905 to take advantage of Norway's hydroelectric power in producing fertilizer. Today, Norsk is taking advantage of Norway's oil and gas resources. In 1984 it derived 70 percent of its operating profit from oil, compared with 17 percent from fertilizer and other agricultural

Instead of tempting Norsk to forsake the farm, the oil riches have made the company financially strong enough to build a global fertilizer business. And Norway's gas reserves are likely one day to provide feedstock for Norsk's production of ammonia, the most important input for ni-trogen fertilizers. The fastest growth is in nitrogen, where Norsk is strongest," said Jeremy Chantry, a chemical analyst at

growth will pick up very much until makers are concerned about the the fragility of financial markets, the dollar's value starts to fall and possible inflationary consequences the situation of developing counties international competitive position of a sustained rapid expansion of tries, problems of the farm sector Washington Past Service
WASHINGTON — The Federal tion of U.S. manufacturers im- M-1, the measure of money that and pressures on financial instituincludes currency in circulation

Reserve, worried about what some officials regard as unusually high dangers associated with allowing slow economic growth to continue, apparently is continuing to ease U.S. monetary policy. The easing is occurring even though the most closely watched measure of the money supply, M-1, is far above target and is likely to

By John M. Berry

stay there for some months to come. The major issue facing cen-tral bank policymakers at their next meeting July 9 will be whether to continue to ignore the target for M-1, change it or still try to hit it, several Fed officials say.

Implicit in that choice probably will be a decision about whether the rapid rate of money growth will mean higher inflation in the future, or a willingness to accept that pos-dropped to about 71/4 percent at the sibility because the alternatives such as more failures of U.S. finan-not intervene in the market to cial institutions and companies or a boost the funds rate. Many market Third World debt crisis - would

be worse.

Another important concern at bank was setting the stage for anthe meeting will be the value of the other cut in the discount rate. U.S. dollar on foreign exchange

"The key variable is when and by how much the exchange rate de- cial banks will fall to 9½ percent clines," says one senior Fed offi- shortly, probably this week. cial, who does not believe economic

By Henry Tanner

BUDAPEST - Leading Hun-

garian officials have stressed that their government is determined to accelerate the liberalization of the

economy and to make conditions

more favorable for trade and joint ventures with Western enterprises.

conference sponsored by the Inter-national Herald Tribune in Buda-

pest Thursday and Friday. The conference, which was attended by

nessmen and by about 80 managers and deputy managers of Hungarian cooperatives and enterprises, was believed to be the first of its kind in

an Eastern European country. It

Hungary wants to improve con-tacts with Western businesses.

Joszef Marjai, the deputy prime

minister responsible for the economy, said the government was intent on increasing the number of joint ventures with Western companies,

especially in the field of technol-

He said conditions for foreign

investors would be made "more fa-

vorable" and added that there were

plans to allow Western companies

to repatriate more of their profits.

with Western companies, an in-

crease from 25 at the start of last year, according to Mr. Marjai.

Another speaker, Janos Fekete, first deputy chairman of the Na-tional Bank, said that the govern-

ment recently made a decision to proceed with "a gradual, step-by-

step modernization" of the coun-

try's banking system and that spe-

National Bank were now develop-

ing practical steps.

ialists in the ministries and the

"A competitive banking system

Hungary has 44 joint ventures

ogy development."

more than a hundred Western busi-

The officials spoke at a two-day

Market participants are so cer- and checking deposits at financial

interest rate institutions charge on

loans of reserves to one another -

end of the week, and the Fed did

participants saw the failure to in-

Even if that cut does not come,

many analysis believe the 10-per-

Some Federal Reserve policy-

Hungary Stresses Trade Liberalization

can work only if we have realistic some banks "with foreign coopera-prices and wages," Mr. Fekete said, and Hungary has made progress in The government's objective is to

and Hungary has made progress in that direction. "We now have make the Hungarian currency, the

wages that are adequate to performance [of the workers] and prices that are in keeping with the value of that this would not be fully con-

he goods." vertible; it would not apply to capi-Among the measures under con-lal transfers but to trade and prof-

sideration is the creation of com- its. He declined to predict a

mercial banks with nationwide net- timetable, but said it "certainly" works that would compete with would occur within the second half each other and the establishment of of the new five-year plan.

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Petrofina's consolidated profit\*

Net yield on shareholders' equity

Cash flow to shareholders equity

les and other revenues

Shareholders' equity

Net working capital Long-term debt Investment expenditure

cent prime lending rate at commer-

"The state of the world makes it difficult to take substantial risks on a slowing of the economy."

short- and long-term interest rates In a New York speech recently, some criticism that it could be infell sharply last week. However, the Henry C. Wallich, a Federal Reserve governor who has often disdiscount rate, which the central bank charges on loans to financial institutions, remained at 71/2 percent. The Fed lowered it from 8 percent on May 17.
The federal funds rate — the

dilemma this way:

"The current pace of inflation ering the discount rate.

"That decision took place under credit facilities.

Bank of Ame the state of the world makes it diffi- Volcker said.

regarded as unacceptable and strong dollar, ample capacity, and would have brought about immedi- slow growth, all of which tend to Friday that in addition to \$60 milate strong action to curb it. Today, reduce inflationary pressures," Mr. lion in new money, the package

34.8 36.0

67.2% 68 4%

(Confirmed on Page 13, Col. 6) Despite M-1 Fears, Fed Is Easing Monetary Policy

> At the moment, with inflation showing only a few signs of accelerating, the Fed has clearly chosen to focus on the other problems, rather

than inflation that might be generated in the future by the rapid Paul A. Volcker, chairman of the tain about the immediate course of institutions. But more of them are Federal Reserve, defended in a at Harvard University the quences of slow economic growth. May 17 discount rate cut against

> sented from policy decisions out of tency in my mind between a cona concern about restraining infla-tinning priority concern about in- al banks have announced an agree- per capita in Latin America. tion, described the central bank's flation and our recent decision to, ment on a multiyear refinancing

slowing of the economy.

"Monetary policy, today more than usually, is beset by constraints on all sides," he said.

Mr. Wallich ticked off some of the economist of the Office of facility and a \$28-million money-market facility and a \$28-million petroleum-import facility for Banco National de Panama.

The banks have agreed to refine the man and banks have agreed t

## **Energy Market** Seen Tightening In the 1990s

PARIS - The world's non-Communist industrialized nations should guard against a false sense of security by abundant energy supplies because the market is likely to tighten in the 1990s, the International Energy Agency has

The Paris-based agency, in its latest review of energy policies of member countries published Monday, also said that the West could once again become vulnerable to pressure from the Organization of Petroleum Exporting Countries as it was in the 1970s. There could be substantial increases in the price of gasoline if supplies are disrupted, the agency noted.

Commenting on the survey's findings, the agency's executive di-rector, Helga Steeg, said the market for oil, coal, natural gas and elec-tricity are being influenced by surplus production capacity. She noted that "paradoxically, the fact that things are getting better could make matters worse in the future."

The total primary energy needs of the 21 IEA member countries is projected to rise by one-third in the next 15 years, she said, and oil demand will rise much more quickly than expected if oil prices remain

weak.
The annual report predicts that while the energy market will remain "easy" through the 1980s. sustained economic growth in the last decade of this century coupled with declining oil production in the industrialized world means that the net oil imports of IEA's member countries will rise to around 18 million barrels a day by the end of the

The IEA said such a level of imports would imply that sources outside the Organization for Economic Cooperation and Development would again play a major role in balancing supply and de-mand. There could again be an upward pressure on oil prices and a risk of massive price increases in the event of even a slight disruption in supplies."

Western governments must continue and in some cases strengthen energy policies, the IEA said. It noted that the present soliness of

## Saudi Cautions About Discounts

United Press International NEW YORK — Sheikh Ahmed Zaki Yamani, Saudi Arabia's oil minister, has warned OPEC that world oil prices could plunge below \$20 a barrel if his kingdom raises oil output, according to a report Sunday,

according to a report Sunday. Sheikh Yamani, in an interview with Petroleum Intelligence Weekly, an oil journal, said Saudi Arabia, whose oil production shrunk to a 20-year low of less than 2.5 million barrels a day in May, has no alternative but to step up produc-tion because of a serious shortage of oil revenues and natural gas. The gas is a by-product of oil production. Sau-di Arabia, the largest producer in the Organization of Petro-leum Experience Councile has leum Exporting Countries, has the capacity to pump more than 10 million barrels a day. Sheikh Yamani said that if

Saudi Arabia increases its production, oil prices will fall un-less other OPEC members reduce output to official quota levels and stop offering illegal price discounts. Official OPEC prices range from \$26.50 to \$29

relaxation of efforts by governments, energy producers and con-sumers to achieve further progress toward improving the overall energy security of IEA countries."

It recognized that efforts to improve the efficiency of energy use may "be hampered by stable or decreasing energy prices and a lack of political will to set a framework for continued efficiency improve-

The agency said operators in the oil market "will have to adapt their capacities to changing market conditions while coping with uncer-tainty about future price develop-ments" and also will have to be prepared for the potential consequences of political instability in the energy market "may lead to a major oil-producing regions.

## Panama, Bank Panel Agree On Refinancing Package

package that includes a total of \$267.4 million in new loans and

Bank of America, which heads the 13-bank committee, said on calls for \$56.4 million in credit

Mr. Wallich ticked off some of sion dovetails perfectly with the base constraints: the high value of prevailing Washington view that the U.S. dollar in foreign exchange monetary policy can have its cake maturities. Bank of America said his government had implemented a series of austerity measurement was being sent to the naturities and the agreement was being sent to the sures to lower expenditures and had increased government income.

NEW YORK - Panama and a billion, is small compared with orhworking committee of internation- er nations' but is one of the highest

> Panama's agreement on an economic program with the Interna-tional Monetary Fund, which in-cludes a \$120-million, two-year standby credit. In Panama City, President Nico-

The refinancing and loan follow

las Ardito Barletta said that the agreement "has been an been an important step." Mr. Ardito Barletta, who was an official with the World Bank until he was elected president last year,

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CHICAGO ATLANTA BUSTIN CLEVELAND LONDON LOS ANGELES HOUSTON MELBOURNE MONTREAL SAN FRANCISCO SAN JUAN PHILADELPHIA TOKYO

## International Bond Prices - Week of June 13 Provided by Credit Suisse First Boston Securities, London, Tel.: 01-623-1277 UNITED STATES AMERICA Prices may vary according to market conditions and other factors 25 Dec '90 117' 26 AM 1344 6 11 27 AM 1344 6 12 21 Dec '80' 7 Am 27 AM 117 1341 27 AM 117 1341 RECENT ISSUES STRAIGHT BONDS All Currencies Except DM LUXEMBOURG SWEDEN Swetchen Swe MISCELLANEOUS MI illians First Gostanis G W ZEALAND 1 St Mor 1 Loc 1 Loc 1 V Oc 1 V 1820 1884 487 1.13 6.28 4.56 6.25 11.27 18.84 4.70 7.40 1.07 7.40 1.07 1.15 1.05 11.15 4.92 7.00 1.15 12.42 1.17 8.71 to Average Life Below 5 Years AUSTRIA SWITZERLAND HIGHEST YIELDS to Average Life Above 5 Years UNITED KINGDOM DENMARK BELGIUM 105% 9.65 105% 12.72 107% 15.76 112 16.16 1079 14.06 108% 14.01 109% 14.01 109% 14.01 100% 14.91 100% 14.91 106% 14.91 Askel December 2015 South Africa 1779 East 177 | The color | The Charles Controlled Use Commercial Unident Commercial Commercial United Commercial Co | To block | The color | The c Avec Financio Condia Bank Of Marireal Ba indus month Joseph Industrial Bank Jopen Artifles Jopen Bank Jopen Artifles Jopen Bank Jopen Bank Jopen Bank Jopen Bank Jopen John Banks Xive Jopen Bank Jopen Bank Banks Xive Jopen Banks Banks Jopen 。1953年,1956年,1958 Grime O'P Frience Household Household Frience Household ### Address | Section | Part | Section | Secti H 159 Aertuper | De Peris S. 30 Aeuthring Sane | # 1500 Sentime Franc Com Ext S. 329 Bendum Indexes | # 1500 College Control Con Eco S. 329 College Net Author Con Eco S. 320 College Net Author College Ne (Continued on Page 10) ■WestLB<sub>I</sub> ZERO-COUPON BONDS Eurobonds · DM Bonds · Schuldscheine for dealing prices call \$ 1000 \$ Westdeutsche Landesbank, **Head Office**, P.O. Box 1128, 4000 Düsseldorf 1 International Bond Trading and Sales: Telephone 826 3122/826 3741 Telex 8581881/8581882 Westdeutsche Landesbank, 41, Moorgate, London EC2R 6AE/UK Telephone 638 6141 - Telex 887 984 WestLB International S.A., 32–34, boulevard Grande-Duchesse Charlotta, Luxembourg, Telephone 4 4741-43 - Telex 1678 Hong Kong Westdeutsche Landesbank, BA Tower, 36th Floor, 12 Hercourt Road, Hong Kong, Telephone 5-8420288 · Telex 75142 HX Marketmakers in Deutschmark Bonds West LB Westdeutsche Landesbank

## **New Eurobond Issues**

The state of the s

Issuer	Amount (millions)	Mot.	Соир. %	Price	Price end week	Terms .
FLOATING RATE NO	)TES					
Banque Indosuez	\$200	1997	*	100	100.33	Over 3-month Limean, Maximum coupon 13 1/16%, no minimum. Nancaliable. Fees 0.50%. Denominations \$10,000
Bankers Trust GmbH	\$175	1990	1/4	100	99.90	Over 6-month Libor, Noncollable, Sinking fund to start in 1986 to produce a 272-yr overage kie, Fees 0.16%.
Banque Française pour le Commerce Extérieur	\$400	1997	76	100	100.33	Over 3-month Libid, Maximum coupon 13%, no minimum Noncolloble. Fees 0.30%.
BNP	\$600	1995	0.05	100	_	Over 6-month Libor. Collable of par in 1988, initial transh \$100 million. Fees 0.275%. Denominations \$1.5 million, a which \$250,000 is the milliof transhe.
Conodian Imperial Bank of Commerce	\$300	2084	14	100	99.30	Over 6-month Ubor. Collable at par in 1990, Fees 0.94%.
Hydro Quebec	\$200	2002	libid	100	99.60	Interest pagged to 6-month Libid, set monthly, but may swind to Limean if 1-month Libid is higher than 6-month Libid Callable at par in 1988, Fees 0.33%. Denormations \$10,000
Royal Bank of Canada	\$350	2005	1/16	100	99.36	Over 1-month Libor. Callable at par in 1990, Fees 6.75% Denominations \$10,000.
Abbey National Building Society	£ 50	1986	1/16	100		Over 3-month Libid, Floating rate certificates of deposit.
Bank of Greece	DM 500	1995	¥	100 -	98.90	Over 6-month Libor, Collable at par in 1990 and redeemable at par in 1992. Fees 0.70%.
FIXED-COUPON						
Alcoa of Australia	\$ 80	1992	17	100	97.88	Collable at 101 in 1990.
Equitable Life Financing Corp.	\$100	1992	10%	100	98.00	Collable at 101 in 1990.
Federated Department Stores	\$100	1995	10%	100		Noncolioble.
Japan Air Lines	\$100	1995	10	100%	98.63	Collable at 1011/2 in 1992.
New Zealand	\$200	1995	1014	100	98.40	Collable at 1011% in 1992.
New Zealand	\$150	2000	101/2		97.75	Collable at 101% in 1997.
Queensland Government Development Authority	\$100	1995	1014	99%	98.63	Noncollable.
Export Import Bank of South Korea	DM 100	1990	7%	100	98.25	Nascallable.
Int'l Finance Corp.	DM 90	1995	7%	100		Private placement.
Oesterreichische Industrieverwaltungs	DM 150	1995	7	9916	98.00	Collable at 101½ in 1992.
Société Luxembourgeoise de Centrales Nucléaires	DM 150	1995	74	991/2	98.00	Callable at 101 in 1993.
Bank Mees & Hope	ECU 50	1992	9	open	99.38	Noncollable, Prior to be set June 21.
C. Itoh	ECU 60	1992	8%	open	98.25	Noncaliable.
Union Bonk of Norway	BCU 70	1995	9 .	100	98.63	Collection est 1011% in 1992.
Mafina	DF 100	1990	7	9914	_	Noncollable private placement.
Citicorp Australia	Auc\$ 40	1988	131/4	100%	_	Noncollable.
CSR Finance	Aus 40	1990	1314	100%	_	Noncollable.
Elders IXL	Aus\$ 45	1990	1314	100%	_	
Société Générale Australia	Aus\$30	1988	13¼	100%		Nancallable.
Société Générale Australia	Aus\$ 20	1990	13¼	100%		Noncollable.
BP Capital	NZ\$ 50	1988	16	100	97.00	Noncolichie.
Compagnie Française des Pétroles	NZ\$ 55	1990	16%	100	98.00	Noncollebie
Gasunie	NZ\$ 50	1988	16	100	98.25	Noncolichie.
Mortage Bank of Denmark		1990	16%	T00 ···	97.50	Noncollable.
Norske Industribank	NK 200	1993	10	open	_	Collicible or 1011/2 in 1990.
	0.05	1990		\$15		Each warrant is exercisable at par into a \$1,000 note of
Bergen Bank	V.U5	1770		413		bank's 10% of 1992, collable at par in 1990 if less than \$10 million worth of notes are raised.
COUTTY-LINKED					•	
Vippon Kongyo	\$ 50	2000	3	100	100.00	Collable at 103 in 1990. Convertible at 920 yen per share, a 3.37% premium.
Kalamaru Securities Vippon Mining	\$.50	1990	7%	100	103.25	Noncolliciale, Each \$5,000 note with one warrant exercisable into shares at 477 year per share and at 251,00 year per
Sandoz Holdings - Nederland	\$100	1997	open	100	99.50	dollar.  Coupon indicated at 4¼-4½%. Callable at 103½ in 1990.  Convertible into participation cartificates at an expected 10% premium. Terms to be set June 21.
Thomson-CSF	\$75	2000	7	100		premium. Terms to be set June 21.  Collable of 104 in 1988. Convertible at 600 france per share
nomson-CSF	DM 300	1990	23/2	100	_	a 9.9% premium.  Semicroscope Callable at 101 in 1989. Convertible at 1.085
- Aluen						yen per share and of 82.20 yen per mork.
Carlotter !	F 25	1003	7.7	100	00 25	N

## Improved Formula for FRNs With Lids

(Continued from Page 7)

70 basis points, ending the week at a discount of 1.1 percentage points 4-point margin over sixmonth Libor was deemed too

In the sterling market, Abbey National issued the first floating rate instrument to be offered by a building society. Expected changes in the law should permit these insti-tutions to tap the medium-term FRN market in numbers later this year. Meantime, Abbey is offering one-year floating rate certificates of deposit with interest set at 1/16-point over the three-month inter-bank bid rate.

The feature of the fixed-coupon market was the continuing emphasis on longer-dated paper — mostly 10 years. Bankers noted that the cost of shorter-dated funds in New York was much cheaper than the Eurobond market could offer, while the intermediate-range rates in the two markets were about com-

But Eurobond investors were in no rush to buy as the coupon levels assumed a further cut in the dis-count rate. While most analysts are convinced this is imminent, the anticipatory pricing makes the new issues vulnerable to sharp setbacks if the Fed fails to act.

One way to minimize the risk is through the options market and Bergen Bank last week offered 50,000 warrants at \$15 each. The warrants have a life of five years, during which time holders can lay out \$1,000 to buy 10%-percent noncallable bonds maturing in 1992. Thus, for an immediate outlay of \$15 investors gambling on further rate declines can lock in the right to

The latest issuer to tap the classic straight market was Federated Department Stores Inc., whose U.S. debt is rated double-A. It offered \$100 million of 10-year non-callable bonds at par bearing a coupon of 10% percent — about 25 basis points over the yield level of com-parably dated Treasury bonds.

Also in the market with 10-year able appetite for 20-to-30-year offerings were Japan Air Lines Co. zeroes which put repayment after with a coupon of 10 percent priced an investor's retirement — when at a premium to yield 9.86 percent; New Zealand at 10% percent, and Queensland Government Development Authority at 10% percent of-fered at a discount to yield 10.29

The favorable comparison of intermediate-range rates between New York and the Euromarket could easily evaporate with New York pulling sharply ahead, some bankers believe, as a result of Ja-pan's liberalization of its securities market. The larest measures include permission for securities houses to sell domestically stripped U.S. Treasury securities. These are home-made zero-coupon bonds, with banks buying Treasury secun-ties and then selling each coupon payment and the final maturity payment as separate zero-coupon

A change in the tax law on Jan. I making the gains earned on zeroes considered as income at the considered as income at ed as income rather than ers believe there may be consider- dollars.

income is sharply reduced — and this could drive Japanese securities houses to buy large blocks of long-

term Treasury paper.
Concerning the Euroyen market, the Ministry of Finance informed bankers last week that they may now market floating rate notes, zero-coupen bonds, deep discount bonds, dual currency bonds and securities with currency options.

While the gains on zeroes are to bject to income tax, gains on deep discount bonds are considered capital gains, which are not taxed. Information was not immediately available on what level discount separates a zero from a deepdiscount bond.

The high-coupon bonds denomi-nated in New Zealand and Australian dollars suffered a setback last week, as an overflow of issues caused prices to drop sharply. The excess resulted from borrowers swapping these issues - which are low cost compared to what domescapital gains, has dampened Japa-nese demand for zeroes. But bank-have to pay — into floating rate

## Michelin Considers Proposal For Tire Plant in Gulf State

MANAMA, Bahrain - Gulf investors are negotiating with France's Michelin & Cle. to set up a joint-venture tire plant in Bahrain or Saudi Arabia, business sources

They said private investors meeting last month provisionally chose Michelia from a number of manufacturers and were now discussing several issues with the company, including shareholding arrange-

ments and technology.

The cost of the plant had not been fixed, but one source said it might be around \$300 million. The

Gulf Organization for Industrial Consulting, a Qatar-based group funded by Gulf governments, conducted a study suggesting a price of \$500 million, but the sources said that was now thought too high.

After negotiating with Michelin,
the businessmen will still have to commission a feasibility study be-

fore lannching the factory. Industry sources said Michelin was likely to build a plant in joint venture with Saudi Arabia's National Industrialization Corp. to produce butadiene-isoprene, used in the manufacture of synthetic

## FRNs Play Substitute **For Some Bank Credits**

By Carl Gewirtz

PARIS - The role the floating rate note market plays as a substi-tute for syndicated bank credits was made more transparent last week when the West German branch of Bankers Trust tapped the market on behalf of Isveimer, Italy's regional development agency. The bank issued \$175 million of five-year notes bearing interest at an eighth of a percentage point above the six-month London inter-

### SYNDICATED LOANS

bank offered rate. But responsibil-ity for the payment of interest and principal is entirely lsveimer's be-

cause it is the guarantor.

The agency could not issue notes in its own name since the borrow-ing would have been subject to Italian withholding taxes on interest payments. Thanks to a tax agreement between West Germany and Italy there is no tax liability on this so-called "pass-through" construc-tion with the issuer being a West German entity.

Officials at Bankers Trust say this structure of syndicated loan creates a more negotiable instru-ment than the transferable loan certificates that are now used on standard syndicated credits. There is no active secondary market in TLCs and trading is limited to the roll-over dates of the loans, whereas Isveimer's loan can be traded like any other floating rate note.

The Isveimer notes have an average life of 2.7 years as a sinking fund starts in November, 1986. The continuing trend to transform bank commitments into marketable securities was best illustrated last week by the \$600-million floating rate notes issued by Ban-que Nationale de Paris. The aim of this operation is to create a \$500million standby credit that under-writers are obliged to provide but that they can immediately sell off.

This is achieved by having underwriters put up only one-sixth of the face value of the notes, or \$100 million. The notes are denominated in units of \$1.5 million and the cash outlay of underwriters is \$250,000. They are paid 0.05 percent, or five basis points, over Libor on the total amount, which means they will be earning 30 basis points over Libor on actual initial disbursement.

Earnings on subsequent cash outlays will be an effective 15 basis points over Libor as BNP will issue its paper to the banks at a discount of 99 during the first year, rising by

10 basis points each year during the 10-year life of the facility. The BNP notes are registered, meaning BNP knows which banks are committed to providing the Holders of the registered notes can sell that paper only to banks named in a list supplied by BNP. Subse-quent drawings by BNP will be in the form of bearer FRNs, which the banks can then immediately sell in the FRN secondary market.

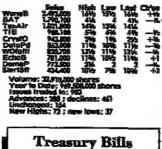
The main criticism of this formu-la is that it is less flexible than the standard standby credit, which allows a borrower to draw, repay and draw again continually during the lifetime of the facility. In this case, once BNP draws on the backup the remaining commitment of the un-derwriters is permanently reduced. And once the bearer notes are

outstanding unless called by BNP.
One critic disputed labeling the operation as a backup facility, arguing that it really is a loan with a

10-year drawdown period.

The other criticism is the relatively low cost. Underwriters are reluctantly willing to provide low-cost backup credits to companies or state agencies with whom they hope to do other, more profitable business. But low-cost backups for other banks are just seen as unprofitable. This means that some very large institutions have declined the invitation to join the BNP facility. However, Credit Suisse First Boston, managers, say the overall re-sponse has been quite favorable and the facility will be syndicated without any difficulty.

Consolidated Trading Of AMEX Listing Week ended June 14



## The activity of BFCE in 1984

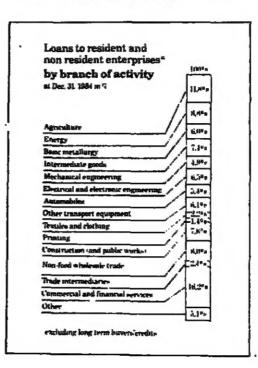
Results for the 1984 financial year Annual Shareholders' Meeting May 14, 1985

The balance sheet total for "France and foreign branches" rose to 288.3 billion francs. an increase of 26.4 billion francs (+ 10%) in relation to the total recorded at the end of

 institutional activities comprising the bank's specific involvement in export financing increased slightly (4.7 billion francs or + 2.8%) due to a fewer number of short and medium-term credits while long-term buyer and supplier credits on the contrary progressed 45.2% similar to the expansion during

· commercial activities, which comprise all interbank lending and loans to customers. expanded at the rate of 25.8%.

- The operating income from banking activities rose to 1893 million francs, an increase of 11.2%. Taking into account an increase in general expenses, which was limited to 7.5%, operating income came to 699 million francs, progressing 16.2%.

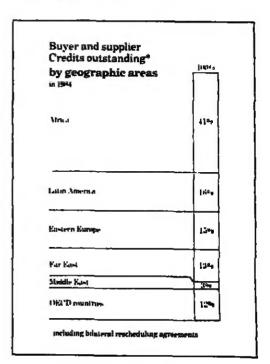


- After appropriation of 608.9 million francs to provisions for "sovereign risks" and "customer risks", the financial results for 1984 showed a net profit of 56,890,000 francs, compared with 53,136,000 francs in 1983, or an increase of 7%.

- Allocation of the net profit included distribution of the statutory dividend of 5%, to which was added a complementary dividend of 1%, the legal and general reserves having been allocated an additional 13 mill-

- As a result of these allocations, total shareholders' equity and long-term resources of the bank rose to 5.6 billion francs as compared to 4.9 billion francs reported at the

The Annual Report from which to above figures have been extracted may be obtained from the Département Information, Etudes et Développement, Banque Française du Commerce Extérieur, 21 Boulevard Haussmann. 75009 Paris, France.



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## **International Bond Prices - Week of June 13**

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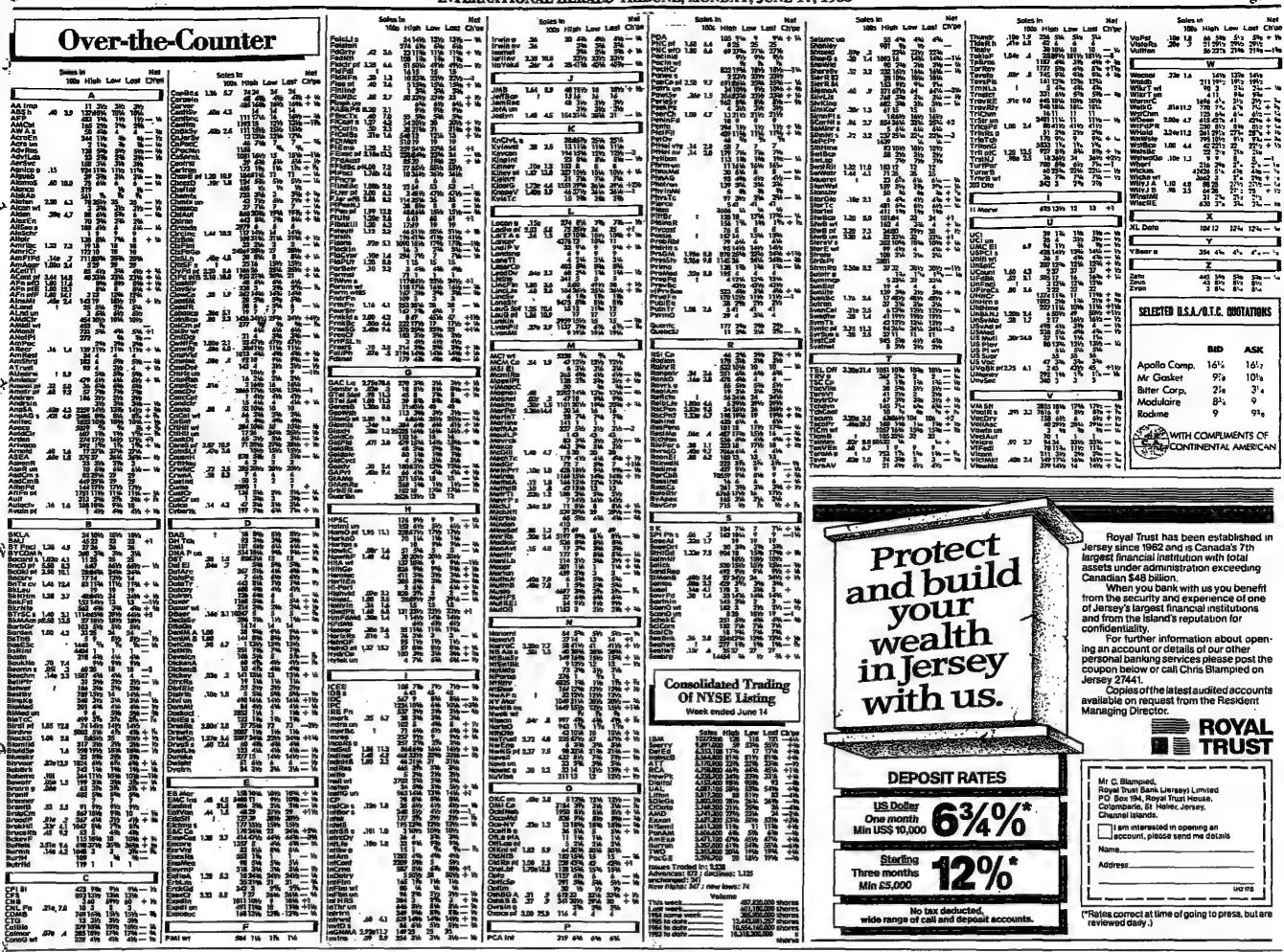
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On convertibles having a conversion premium of less than 10%.

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Explanation of Symbols

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Probably James Bond would be in trouble. Because Philips is the only company that could supply all the advanced electronic technology needed for the newest James Bond film "A View To A Kill".

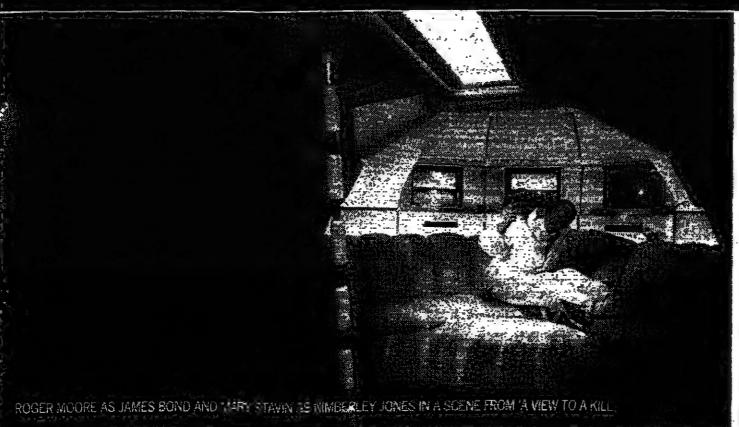
Approached by the 007-team because of its well-known expertise, it was Philips that made the impossible possible. Both in front of and behind the camera.

Various Philips divisions, like Communications and Control, Domestic Appliances, Consumer Electronics and Viewdata contributed to the new episode of the world's most successful film series.

Philips Business Systems took care of the computers, wordprocessors, telephones and other office automation systems for the film's numerous office scenes.



## Where would Bond be without Philips?



Special software was written to enable the products to play their roles.

There was Philips light when special light was needed. And other innovative products as the Philishave play a major part in the film.

It's not without reason that Philips is part of the action from the beginning of "A View To A Kill" to the final credit, as James Bond's impeccable taste is known around the world.

We hope you will enjoy the film, as much as we enjoyed working with the film crew.

James Bond. The sure sign of great film entertainment. **Philips. The sure sign of innovation.** 



**PHILIPS** 

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**BANQUE NATIONALE DE PARIS** 

Floating rate note issue of US \$225,000,000

June 1981/96

The rate of interest applicable for the periode beginning

June 13, 1985 and set by the reference agent is 81/6% ammally.

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Spi Sha 11.44 845ar1; 8.32 9.07 7.33 NL. 18.47 11.46. 21.23 NL. 7.95 8.41 16.57 NL 11.36 12.08 **Opening Seen** TOKYO — Prime Minister Ya-suhiro Nakasone of Japan said Sunday that Tokyo would act on its own initiative in opening its marit, without being told to do so by other countries," Mr. Nakasone told a news conference. Mr. Nakasone said his govern-

In Japan Markets

kets to foreign competition.

"If there is anything that we ought to do we will work hard to do

ment planned to improve access of foreign goods to Japan by lowering

tariffs and simplifying procedures involved in product certification. The Daily Source for International Investors.

ANNOUNCEMENT

**COUNCIL FOR DEVELOPMENT** AND RECONSTRUCTION

**BEIRUT-LEBANON** 

The Council for Development and Reconstruction is calling for a restricted tender for the project:

"Provision, installation and commissioning of a fully automatic, computer-based tele-graph message relay system".

Starting June 3, 1985, interested firms may obtain tender documents and specifications at the following address:

Council for Development and Reconstruction, Rayese Street, Rayese Bldg. - BAABDA. P.O. Box: 116/5351,

Telex: 42490 CDR LE, Tel.: 420695-420926-421045-421490/1, Beirut-Lebanon.

Bid due date is June 29th, 1985 at 12 hours.

A firm, specific proposal for financing over a period of at least ten years should be submitted along with the hid.

Rates Fall **Amid Signs** Of a Weak Economy

By Michael Quint

NEW YORK - Fresh evidence of a weak U.S. economy and low inflation have sent interest rates plummeting, leading many economists and traders to predict that the Federal Reserve would soon ease

U.S. CREDIT MARKETS

monetary policy and encourage According to many analysts on

Friday, the decline of 0.1 percent in they were not strict enough.
industrial production during May

Britain believes the Comm provided the Fed with a motive for easing monetary policy, while the slight rise in producer prices of 0.2 late the economy without reviving er.

inflation.

The decline in industrial production was especially important, analysts said, because Fed officials

economy and there are enough signs of weakness to warrant a move to lower rates," said Kathleen Cooper, senior vice president and economist at Security Pacific

National Bank. Speculative demand for Treasury notes and bonds was augmented, securities dealers said, by good demand from institutional investors, especially early in the day. afternoon trading as some traders took profits when they decided that the Federal Reserve was not going to immediately cut the discount rate it charges on loans to financial institutions to 7 percent from 71/2

In the Treasury market, investors must now buy issues due in more than seven years in order to earn a yield of 10 percent. Among actively traded issues, the 114-per-cent bonds due in 2015 were of-fered late in the day at 108% to yield 10.36 percent, up %-point on the day, but lower than the morn-

agree on terms to buy a major stake yield 9.49 percent, and two-year notes scheduled for sale on man acquisitions would add the equivalent of around \$850 million Wednesday were offered at 8.53

fell nearly a quarter of a percentage point, with the three-month issue and at 6.72 percent, down from 6.95 percent, down from 7.28 percent. Securities dealers said rates on

Treasury bills were unusually low relative to other short-term securiies because many investors were willing to sacrifice yield in favor of the extra safety and liquidity pro-vided by Treasury bills.

U.S. Consumer Rates For Week Ended June 14 Passbook Savings ...

Tax Exempt Bonds Bond Buver 20-Bond Index 7.56 % Bank Money Market Accounts Bank Rate Manitor Index ...... 7.17 %

EUROPEAN COMMUNITY

## **Discord Erupts Once More Over Car-Emission Standards**

By Steven J. Dryden

BRUSSELS - The dispute Staff's Right to Data among member states over community-wide car emission standards has enupted again after the announcement of proposed guide-lines by the community's executive

In March, the community overcame disagreements on a timetable for the introduction of the stan-dards, and directed technical experts to draft the standards.

But when the proposed European standards were announced last week. Britain said they were too severe, and West Germany said

proposals will damage the European car industry by discouraging the development of so-called "lean percent was a comforting reminder burn engines as an inexpensive that the central bank could stimu- alternative to the catalytic convert-

June 25 in an attempt to agree on the standards.

On Companies Disputed The controversial proposal on workers' rights to information and consultation, known as the Vredeling Directive, suffered another set-

back last week. Community ministers of social affairs discussed the five-year-old proposal at their Luxembourg meeting, but took no action, community officials said.

Britain and Denmark indicated they would vote against the directive even if it was put forward as a non-binding recommendation to member states, as had been suggested by some supporters, community officials said

The proposed directive would require companies to inform employ-ees about their corporate financial ployment and investment pros-

pects. Consultations with employ ees would be required of companies for decisions that would have a significant impact on workers.

British Enroy to Leare

**Brussels Post and Retire** 

Sir Michael Butler, Britain's permanent representative to the community for six years, is leaving the post in October and retiring from the diplomatic service, British offi-

Sir Michael, 58, is best known in Brussels for his tenacious advocacy of Britain's demand for a larger rebate on its contribution to the

community budget.

Prime Minister Margaret
Thatcher launched her campaign
for an overall reduction of £1 billion in the contribution in November 1979, the month Sir Michael took up his position. The budgetary issue was not resolved until June

Sir Michael will be succeeded by David Hanney, 49, the second-ranking official in the British Em-bassy in Washington, who previously worked in the European

## have cited the problems in the man-ufacturing sector as a reason for Norsk Hydro Sees Growth easing monetary policy. The Fed's focus is clearly on the In Fertilizer Production

(Continued from Page 7) the London stockbrokerage of

Grieveson, Grant & Co. Last month, Norsk announced an agreement in principle to buy 89 an agreement in principle to buy 89 percent of Colaz-Sogag, France's second-largest fertilizer maker, from Cie. Française des Pétroles-Total and Banque Paribas. The price was not disclosed, but a rival executive estimates Norsk would pay around \$60 million. The med sale is still subject to French government approval, which does not seem assured. Mr. Askvaag said the government has asked Norsk to clarify its inten-

In West Germany, Norsk agreed

percent.

Optimism remained high enough for one trader to say: "The question is not will the Fed cut the duestion is the question is the industry magazine Fertilizer International says, it will be a France is Western Eu-"coup." France is Western Eu-rope's largest fertilizer market, and other foreign companies have been

blocked in previous attempts to last month to buy smaller fertilizer operations owned by Veba AG. Norsk also recently reached a modest technical cooperation accord with Fertimont, a unit of Italy's Montedison SpA, after failing to ing's top price of 109.

The 9%-percent notes due in 1990 were offered at 101 13/32 to

of sales for Norsk, whose fertilizer

In the Treasury bill market, rates

Hopes for an easier Fed mone-tary policy were augmented as the overnight rate for bank loans in the federal funds market averaged about 7.35 percent and traded be-low the 78-percent discount rate low the 71/2-percent discount rate for the third consecutive day.

13,70 %

Mr. Aakvaag argued that, rather than posing a threat. Norsk is merely making the industry more efficient. Besides, he said, "we will not be No. 1 in any major Europe-

an country. Norsk. Since 1973, it has taken a 25-percent stake in a new fertilizer company in Quar and bought fertilizer operations in Denmark, the Netherlands, Sweden and Britain, In the United States, Norsk has distribution interests and says it is the biggest importer of fertilizer.

On a smaller scale, Norsk's neighbors are following a similar strategy. Superfos last autumn paid \$112 million for Royster Co., a fertilizer maker based in Norfolk, Vireinia. The Danish company says the purchase will about double its positioned for exports to the fastgrowing markets in India and Chi-

Finland's state-owned Kemira last January bought a nitrogen fer-tilizer plant near Rotterdam from a for 1985 and set a tentative target unit of Exxon Corp. for an estimated \$75 million. In 1982, Kemira bought a small British fertilizer maker. Though the Finnish compa ny has a tiny home market, it benefits from huge sales to the Soviet Union and has its own phosphate mine. Fertilizer "is not a gold sales last year totaled about \$1.13 mine," said Pekka Suppanen, tech-billion. In Europe, Norsk would nical director of Kemira's fertilizer billion. In Europe, Norsk would nical director of Kemira's fertilizer have a market share of about 20 division, "but it's a steady busi-

## **Fed Easing Money Policy**

(Continued from Page 7) and eat it, too. In other words, as

this reasoning goes, faster money growth will stimulate the economy, but it will not stimulate inflation. In late 1982 and the first half of

1983, monetarist economists warned that rapid growth in M-I would generate higher inflation by early 1984. This did not happen. Will the monetarists be wrong

again? The stage is being set for another test. M-1 rose at a 13.6-percent annual rate in May and at a 10.4-percent rate over the last seven months. That compares with a Fed to 7 percent from the fourth quarter of 1984 to the fourth quarter of

In the week ended June 3, M-1 stood at \$585.6 billion. If it grew not at all for the rest of 1985, its fourth quarter average would still be above the midpoint of the Fed's

target range.
At its July 9 meeting, the Fed's policymaking group, the Federal Open Market Committee, will have





## Worldwide Transport & Energy

Nedlloyd Group, Houtlaan 21, 3016 DA Rotterdam, The Netherlands Telephone number: (010) 177911. Telex number: 27087 ndgr nl

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established at The Hague, The Netherlands

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Amsterdam-Rotterdam Bank N.V.

Bank Itec N.V. Bank Mees & Hope NV Banque Paribas Nederland N.V. Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. Nederlandsche Middenstandsbank nv Pierson, Heldring & Pierson N.V.

Generale Bank

Swiss Bank Corporation International Limited

June, 1985

51 Talk wildly

Browning

56 U.S. ballistic

53 E.B.

60 Trudge

Troy

61 Opus set in

63 An attendant on Cleopatra

64 Candy striper

66 Baseball's Say

65 Minister's

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68 Glacial ridge

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3 Soviet sea

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39 Bizarre 41 Sidekick 42 AR A. B.A. member 43 Radial, e.g. 44 Tempestuous 46 Ratiocination 49 --- Park,

& Sault. Marie 9 Dickens novel: 50 Energy units

10 Garlicky 11 Shawl

© New York Times, edited by Eugene Maleska

## DENNIS THE MENACE



GO TO THE FRONT DOOR, JOEY, AND ASK MY MOM HOW IM FEELIN THEN COME BACK AN

JUMBLE THAT SCRANBLED WORD GAME
by Henri Arnold and Bob Lee May I call you Rodney? OF SWEYN SHE BEGAN O CALL HI HIS FIR WYSOH DEFILD NAME WHEN SHE WAS AFTER THIS. TAISER

Now arrange the circled letters to lorm the surprise answer, as sug-gested by the above cartoon.

Jumbles CHAFF SUEDE HERMIT LOUNGE Answer What the soprano's "solo" was-

## WEATHER

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Roberts

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Brutus

62 - Palmas







I JUST OH, YEAH?! WHAT'S GOT HERE THAT FLOATING ON TOP OF YOUR COFFEE?





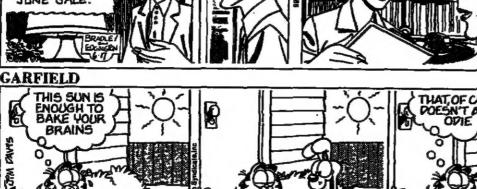


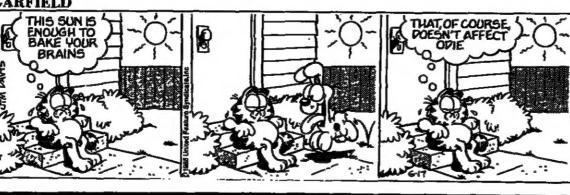












## **BOOKS**

massive affair.

### THE DANGEROUS SUMMER

By Ernest Hemingway. Introduction by James A. Michener. 228 pages, \$17.95. Charles Scribner's Sons, 597 Fifth Avenue, New York, N. Y. 10017.

### Reviewed by Michiko Kakurani

I T is immediately clear why bullfighting ex-erted such a visceral hold on Ernest Hemingway's imagination. Bloody yet magisterial, the sport dramatized his own obsessions with violence and death, and it also struck him as one of the ultimate tests of a man's ability to sustain "grace under pressure." Like big-game hunting, boxing and combat, bullfighting seemed to personify the aggressively masculine values that he championed in his fiction and his life, and he came to regard it as an art - the art of "killing cleanly," with courage and with

"Any man can face death," he wrote in "The Dangerous Summer," "but to bring it as close as possible while performing certain classic movements and do this again and again and again and then deal it out yourself with a sword to an animal weighing half a ton which you love is more complicated than just facing death. It is facing your performance as a creative artist each day and your necessity to function as a skillful killer."

Hemingway, of course, had already written a big, detailed chronicle of bullfighting, pub-lished in 1932 as "Death in the Afternoon," and in 1959, Life magazine asked him to return to Spain, return to the scene of so many of his youthful exploits, and cover a spectacular mano a mano duel between two matadors— Antonio Ordónez and his brother-in-law, Luis Miguel Dominguin. Although the assignment was for a 10,000-word article, Hemingway turned in a rough draft of 120,000 words —out of that sprawling manuscript were edited the Life piece and this current volume. According to an obtuse and oddly self-serving introduc-tion by James Michener (who spends several pages reminiscing about how he once "stuck his neck out" by vouching for the aging Hemingway's talent), the more technical passages

Solution to Friday's Puzzle

STARSANDSTRIPES

PORKYSTESTAMENT

ESS REEK CANTAB DREAMUP

SOLEXAM

THEAMERICANFLAG

ANTIART MEAGRE

REDWHITEANDBLUE IAGO GOTBY OLGA

SLEWNOOSE LEER

TRAMPSHOP

BALEBASS

Michener himself admits to feeling that Hemingway "tried to hang far too much on the slender, esoteric thread of one series of builfights," and he strains to find reasons to justify this book: he quotes a punctuation-less passage that, he says, "reminds us of the sparse way [Hemingway] worked and of his refusal to use commas" and argues that "these pages are instructive regarding a minor broubaha that involved his friend A. E. Hotchner." Certainly this discursive, flaccid volume offers the reader little else in the way of satisfaction - except an unnecessary and unflattering portrait of Hem-

about bullfighting were edited out, leaving "an honest rendering of what was best in this

ingway in decline, his masculine esthetic hard-ening into macho posturing; his fine, spare use of language dwindling into empty mannerism. A few of the action sequences in "The Dan-gerous Summer" — particularly those describ-ing the fierce, balletic contest that took place in Malaga — demonstrate Hemingway's old gift for narrative. But vast stretches of this book are laid down in painful pastiches of the writ-er's famous style er's famous style.

"Mary had a really bad cold," he writes of his wife. "She tried to get rid of it but the feria had been too mixed up and the hours too crazy and the fights starting so late had given the small wind that comes down from the Sierras. that they say will kill a man but not blow out a candle too many chances at her." He almost invariably describes the matadors as brave and good and courageous; the bulls, as either fast and fine, or slow and cowardly. There are endless descriptions of food and drink and the weather; and dashed-off sketches of the landscape that have none of the immediacy of similar passages in "Death in the Afternoon."

Even more embarrassing are the sections where Hemingway gives vent to the bullying, bigoted side of his nature. He puts women in their place—"It's a man's fiests and women at it make trouble." He makes demeaning ethnic cracks—"If you want to travel gaily, and I do, travel with good Italians." And he glamorizes dumb, dangerous games—"At the party An-tonio held cigarettes in his mouth for me to thoot the asks off." shoot the ashes off."

The objectivity that made Hemingway's early writing so lucid is gone; indeed the narrative is thoroughly skewed by his willful siding with Ordôñez over Dominguin. Apparently Hemingway himself, worried that he'd been unfair to Dominguin. Carlos Baker notes in his biography. raphy that Hemingway "regretted having made 'such a mess' " of the story — and be would have, undoubtably, opposed publishing
"The Dangerous Summer" as a book. Indeed the reader, too, must question the decision. on the part of his estate and his publishers, to issue a volume that does little but underline, again, the degree to which Hemingway's talent and psyche had come unraveled.

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In the end, though, it is unlikely to have the slightest effect on the author's reputation. Hemingway believed that a writer is judged on the sum total of his work; and even such a flimsy book as this cannot detract from the achievement of "The Sun Also Rises" and his glorious, early stories.

Michika Kakutani is on the staff of The New York Times.

## **BRIDGE**

By Alan Truscott

ON the diagramed deal when South overcalled in clubs, his partner raised him to game with a nearly worthless

hand.

This was presumably mean:
as an advance sacrifice, on the assumption that East-West would have been wrong if West \$\footnote{\text{VEST}}{\text{4765}}\$ The assumption was wrong, six hearts - admittedly not for North-South had four very likely,

West innocently played a

East doubled, perhaps to prevent any thought of five hearts that his partner might have. West led the diamond king and continued with the queen. This was an error, for it

made it easy for his parmer to win and cash the heart ace.

East could now have taken

suggested that he held three could not do it. South had diamonds rather than four, made a doubled game contract The lead of the five would have that was beatable in top tricks.

NORTH 0 19 3 0 3 EAST (D) # J 10 9 2 V A Q 9 8 5 O A J 10 9 SOUTH AKE4 VK7 AKQ12 East 10 DM South 2 4 Page

## SCOREBOARD

## Tennis

DAVIS CUP QUALIFYING EUROPEAN ZONE A EUROPEAN ZONE A Second-Researd Denmark S. Betplum 8 (A1 Hotte, Dermark) Peter Bestiernen def. Bermard Solleeut & J. 3-7, & 4, & -1, Michael Morfenger; def. Jan ron Lameendanck, 5-7, 1-4, & 1, & 1, -1, & -

6-1
Bosilansen und Aurtensen def.
Afain Brichant and van Langendonck, 6-4, 3-6, 6-2, 6-3.
Bosilansen def. van Langendonck, 6-1, 6-1.
Mortensen def. Badleau, 6-2, 6-2.
EUROPEAN ZONE B.
Second Reuse

EUROPEAN TONE B
Section Ration
British 3, Perhaped B
[Al Nathington, England]
Jerenty Boles and Stephen
Show cef. Petro Cerdeiro and
Jobo Silva, 6-3, 6-4, 6-5.
Botes def. Cardeiro, 6-4, 8-6.
Botes def. Silva, 6-4, 6-4.
Botes def. Silva, 6-4, 6-4.
Botes def. Silva, 6-4, 6-4.
Botes def. Silva, 6-6, 6-4.
Botes def. Silva, 6-6, 6-4, 7-6.
Botes def. Antendad Peter Fleel, Austria, def Considerline Etrofimogiou and George
Kolovetonis, Greece, def. Antoniisch, 3-6, 6-4, 6-4, 7-5.
Fatis Vorces, Greece, def. Antoniisch, 3-6, 6-4, 6-4.
Kolovetonis def. Berhard Plis,

tonitsch. 3-a. 6-4, 6-4.
Kalovelonia del. Benhard Pilis.
Assiria. 6-a. 6-a.
Switzerland S. Zimbabwe 8
(Al Weogla, Switzerland)
Heinz Guenthordi del. Haroon
Izmail, 6-d. 6-1, 6-1,
Jakob Hissek def. Philip Tuckniss. 6-2, 6-2, 6-4.
Guenthordi and Hissek def. Ismail and Tuckniss, 6-1, 6-1, 6-1.
Rosmealta S. Turkey 8
(Al Instantabul)
Flatta Scienceatta def. Yavuz
Erhanali. 6-3, 6-0, 6-1.
Andrean Marcu def. Necvel
Demir, 6-2, 6-2, 6-1
Seperceatna and Dizzu Andrei

Seperceanu and Dirzu Andrei del. Erkatali and Musatter Ar-pociosiu. 64. 63. 62. eat. 64, 6-1.

Marcu def. Erkansti. 6-3, 6-2.
Esyst 3, Hungary 2

(At Cairo)

Balass Taraczy. Hungary. def.
Tarih el-Saggo, Esyst, 7-1, 6-4, 6-

Get, Personal State of the Control o cry del. el-Mehelmy, 7-5.4-Ireland 2. Moneco 1 (Al Monte Cario) Matt Dayle, Ireland, act. Giltes

BOLDGMA GRAND PRIX Semifinals Claudio Panarta, Holy, del. Al-berto Tous. Scala. 7-6. A. Thierry Taulasne, France, del. Danir Keretic. Wast Germany, 6-Sean Screneen, Ireland, def. Bernard Balleret, Manaca, 5-7, 6-2, 7-5, 6-1. Balleret and Jacques Vince-toni, Manaca, def. Devis and Ser-proses, Ireland, 6-3, 7-6, 4-6-5, 6-4. Tulasse def. Panatto, 6-2, 6-0. MEN'S TOURNAMENTS

QUEEN'S CLUB

(At Landon)

QuarterFlools

Borts Becker (11) West Germany, Aug. Par Cosh (3) Australia, 6-WOMEN'S TOURNAMENT EDGEASTON CUP (At Birmingham, England) Quarteringis 4. 5-4. Paul McNamee, Australia, def. Tim Mayothe (5), U.S., 74, 7-5. Sisteeden Dyolinavic, Yugosla-via, del. Paul Annacone (7), U.S.

-t. on Kriek (4), U.S., del. Rus-impson, Australia, 6-4, 7-6

(\$-61.

Semiffeels

Becker def. McKermee, \$-1, \$-4.

Kriek def. Zivolinovic, \$-4, \$-4.

Flant

Becker def. Kriek, \$-2, \$-3.

Quarterrinels
Pam Shriver, U.S., del. Anne
Hobbs, Britain, 6-4, 4-0,
Susan Massarin, U.S., del. Alycio Maulton, U.S., 7-6, 4-4
Berty Napelsen, U.S., del. Ann
Henricksten, U.S., 6-3, 6-3,
Erilse Burgin, U.S., def. Robia
White, U.S., 6-7, 6-4, 6-4
Sentificads
Startver del. Surgin, 6-4, 6-2,
Napelsen del. Massarin, 2-a, 7S-6-1.

## Transition

BASEBALL BASEBALL
American League
CMICAGO—Recoiled Juan
Asosto, sitcher, from Buffale of
the American Association. Op-lianced Bryon Liffle, infletter, to
Buffalo.
MILWAUKEE—Reactivated
Bill Schrooder, catcher, Op-lianced Ray Scoroge, elicher, to
Vancouver of the Pocific Cosst
League.

Notional League

New York—Signed Greg
Jeffries, seprising and Stechen
Walborn, Mark Willoughby, and
Mark Behney, sitchers, to freedeem' contracts. Assigned Jeffries, Wilburghby and Bohney in
Signement of the Audenburg Kinssport of the Appolichian Legaue and Wetborn in Little Folls at the New York-Penn Legaue. PITTSBURGH-Named Willie

son, and Shaven McGins Belders and Anthony Box

Leotue. Signed Dovid DeCordova. Howard Hillor. Stephen Freed, and Alize Alcheely, pitchers. Carris Stephens. James Pasaw. and James Pos., extithers; Carry Nemeth, and Alex Oles., Infelders. and Rot Knowles and Kon Warmbler, authorities and Kon Warmbler, authorities and Caslaned them to Erfe of the New York-Pean League.

SAN DIEGO—Sant Gree Booker, pitcher, to Las Vegos of the Pacific Coast League. Recatted Ed Wojno, pitcher, from Les Vegos.

BASKETBALL MILWAUKEE-Signed Joe sheet.
PORTLAND-Traded Bernara Thompson, sward, le Phoe-nix for a second-round draft pick POOTBALL mai Fostball League

HOUSTON—Signed Tosker, wide rectiver. Soccer INTINATIONAL FRIENDLY

## Baseball

TOTA STA

Friday's and Saturday's Major League Line Scores

FRIDAY'S RESULTS
FRIDAY'S RESULTS
RATIONAL LEAGUE

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809 91 Filson, Eutema (3), Wardle (6), Davis (7) Birk and Salus: Heeten, Schmidt (7) and Slought. W—Hootes, 3-1. L.—Filson, 3-1. 3v—Schmidt (1), HRS—Minn, Beytonsky (15), Taxos, Har-

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Basketball European Tournament

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FRIDAYS RESULTS

MATIONAL LEAGUE

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\$2. Lauts 100 000 100—2 7 8 200 000 100—8 4 8 Cax and Wiete; Fortent, Serendan (8), Smith (9) and Davis, W—Cax, 8-2 L—Foetenol. 1-2. HR—61. L. Clark (14).

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Snell, 1-1, L.—Ghosn, 5-4. St.—T.Mortinez (3).
HRS—Mil., Schroeder: (7), Riles (2), Bott.
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Murray (8), Rileisen (10), Roenicke (5).
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andt. Sectowith (8) and Sundbers;

Nunsz (9). Vande Barg (9) and Kear
—Young, S-8. L—Leibrandt, 6-4, Sv—

Berg (3).

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Major League Standings

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NATIONAL LEAGUE East Division

W. L. Pci. G8

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14 25 590 —

13 24 559 2

12 24 552 2%

23 34 390 12

19 36 331 15

West Division Chicago Medireol St. Louis New York Philiodelphi 35 24 593 — 31 28 525 4 30 28 537 4½ 30 28 517 4½ 26 37 448 8½ 22 37 373 13

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Lou Groham
Don Pohl
Gary Hollberg
David Edwards
Hubert Green

Dan Shirev Nick Price Jerry Pale

76-72-14 71-77—144 76-73—149 74-75—149 71-79—159 70-80—150 78-72—150 74-74—150 76-75—151

U.S. Open Golf T.C. Chen Andy North Dave Borr

77-49-72--212 72-67-73-212 69-66-77-212 72-69-72-213 74-71-68-213
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## **SPORTS**

Pinklon Thomas warmed up for his eighth-round knockout, and by decking his WBC challenger, Mike Weaver, in the first. (73).

## Scrambling, Chen Widens to 2-Shot Lead in Open

BIRMINGHAM, Michigan -Alfred Hitchcock would have loved

The only suspense left in a damp and dreary United States Open golf day's opening round. There, he hit championship at the Oakland Hills a three-wood shot from the fairway Country Club is being provided by the slender, 26-year-old professional from Taiwan.

Although he threatens to become the first wire-to-wire winner since Tony Jacklin in 1970, Chen is still keeping fans — among them the 19 million Taiwanese he says are rooting for him --- on pins and needles as he escapes from one precarious spot after another on this legendary

Playing in a steady rain that became colder and windier as dark-ness neared. Chen shot a 1-underpar 69 Saturday to extend his lead to two strokes over former champi-

on Andy North.
If Chen holds his lead, he will join Walter Hagen (1914), Jim Barnes (1921), Ben Hogan (1953) and Jacklin as winners who have led after every round. Chen's 54-hole score of 203

equaled the Open record set by George Burns in 1981 at Merion outside Philadelphia. Burns did not win, however, which provides more suspense for Sunday.
North, who sank a 60-foot (18-meter) putt on the 16th hole for his

only birdie of the day, shot 70/205. North won the 1978 Open at Cherry Hills in Denver, but has not come close to winning anywhere

Dave Barr, with a 70, was three shots behind North. Rick Fehr, the mini-tour player from Seattle, shot 73/209; they are the only other players under par after three

Still in the hunt for the 85th U.S. Open crown are a strong group at 210: British Open champion Severiano Ballesteros of Spain, following a third-round 69; Tom Kite (71) and South African Denis Watson

Chen, who has not won in two made two birdies and led by four lucky." He hooked his three-iron the first four or five holes Sunday, years on the U.S. tour, although he shots as first North and then Jay tee shot at the 199-yard par-3, the It is hard on my nerves." recently took both the Korea and Haas fell back. Haas, who started ball landing in deep grass and be-Japan opens on the Asian tour, has the day one shot behind Chen, hind a low-hanging branch. Chen led from the second hole of Thurs-struggled home with a 77. led from the second hole of Thurs- struggled home with a 77.

double eagle in U. S. Open history. Friday, Chen maintained his one-shot lead with a second straight subpar round, a 69 putting him at 134 for 36 holes after an opening 65 that tied the course re-

that carried 256 yards (234 meters) and rolled into the cup for the only

He started the second round without hitting a drive into any of the first six fairways but still went two under par in that stretch. On the first two holes he drove into fairway bunkers, but brilliant recovery shots left him with a short putt for par at each. "Those," said Chen, "were great pars."

He parred the par-3 third, hitting the green and two-putting. Then he missed the fourth fairway, going into deep rough behind a tree. He managed to hit an iron over a tree, but left his ball short of the green and 20 yards from the hole. No problem: Chen chipped the ball into the cup for his first birdle of

the day.

At No. 5, he again missed the fairway, going into the right rough, then hit a three-iron shot short of the green, put a pitching wedge shot seven feet short and dropped the putt for par 4. Another drive into the right rough, at the par-4 sixth, was followed by an eight-iron shot to the green and a 12-foot putt for a birdie

His tee shots straightened out after that. Despite bogeys at Nos. 8 and 16, Chen birdied the 15th with 40-foot putt to finish one under for the round.

For a time Saturday it appeared that the 5-foot-10, 140-pounder (1.77 meters, 64 kilograms) might run away with a tournament already denuded of most of its would-be celebrities. He quickly

the back nine to drop back closer to ting surface and rolled up next to North. With Jack Nicklaus, Tom the hole to give him an easy par Watson, Craig Stadler, Bernhard putt. Langer, Lee Trevino and Ben Crenshaw all having missed the cut at ed to do was get it to the green and 146, the 85th U.S. Open needed all make two putts and take a bogey." the final-day drama it could find. Chen said. "I wasn't even thinking Nicklaus had not previously failed

ond. He drove into the rough - seven-iron shot from the rough and heavier, thicker and wetter than over a huge weeping willow tree earlier in the week — and had to lay On another he nearly holed out up with his second shot. Still in the heavy grass, he chipped up and sank a three-foot putt for a birdie.

"That was good start," he said hope I won't have such a slow start, later. "But on the next hole, I was like I had Friday and Saturday, on

the ball toward the green: It hit in But Chen made two bogeys on the grass, but skipped onto the put-

"When I saw my ball, all I want of making a par. I was very lucky. to survive an Open cut since 1963.

Chen began his third-round escapes on the 527-yard, par-5 secured by the survive an Open cut since 1963.

From then on he displayed a variety of recovery shots that produced par. On one hole he lifted a

with a punched shot from a bunker. "After the sixth hole, I started hitting my driver good," he said. "I

On No. 8, one of Oakland Hills' monster par-4s - 439 yards and uphill - Chen hit a driver and eight-iron that left him with a fourfoot putt for his second birdie.

The magic disappeared momencame up short on the 454-yard par-4, then chipped long for his first bogey. He got the stroke back on the next hole by rolling home a double-breaking 35-foot putt for

His margin was four strokes until North made an even longer putt on the 16th hole. "If it didn't find the hole, it probably would have gone 15 feet by," North said. "I just lagged it down over the hill with got on track. You get some like that mented to a reporter: "Anybody once in a while, and it came at a can play in the sunshine - even

ping off his white cap, Chen made another great shot, a long sand wedge blast from the bunker that pulled up less than two feet from the hole for a likely par. He missed the putt.

"I could see the water dripping The magic disappeared momentarily on the 10th hole, when he off my cap, but I thought, 'Why stop, it's such a short putt I can't miss." I guess I lost my concentra-

> Chen was hoping for rain again Sunday. "In Taiwan, it rains like this from November to April, and the weather is too perfect, someone might shoot 60 or 61. If it is not so perfect, it would be more difficult.

Ballesteros, one of a handful to about a three-foot break when it break par in Saturday's rain, com-

## Orioles Win a Third, on Weaver's Intuition

BALTIMORE - The genius was back at work, even though the rehired manager, Earl Weaver, did not recall immediately after the game why he had used rookie Larry Sheets as a pinch hitter.

Sheets was in a 3-for-23 slump Saturday when his RBI single capped a three-run rally in the sixth

## SATURDAY BASEBALL

inning that put Baltimore ahead to stay in a 7-5 victory over the Milwankee Brewers.

Weaver relies heavily on statistics, but after checking them he said they were not involved in his decision to use Sheets for switchhitter Mike Young.

"It was just one guy [Sheets] had been playing, and the other hadn't been playing too much," Weaver said. "That's what it boiled down to, and it turned out all right, didn't

Sheets confessed he was a little surprised to be used in that situation, but contended: "I haven't ocen swinging the bat that badly.

The victory was the Orioles' third in a row since Weaver ended 21/2 years of retirement to reioin them as a replacement for the fired Joe Altobelli, although Weaver was not in the dugout for the first game of his new tenure.

Fred Lynn began Saturday's ralwith a single and scored on Ede Murray's eighth homer for a 4-4 tie. Murray's homer, his first this year as a right-handed batter, finshed starter Ted Higuera.

Reliever Bob Gibson issued two walks around a sacrifice bunt be. That hasn't happened here in a fore Sheets singled to center on a 2- while. It's a playoff or World Series 2 pitch, scoring Cal Ripken Jr. Ripken hit his 10th homer and

Gary Roenicke his fifth for Baltimore's final two runs, in the eighth, two-run homer, and drove in three

good spirits because of Weaver's has lost four in a row.

a row since May I, while Milwau-kee lost its fourth straight. kee Stadium regular-season record in only his 33d major-league start. crowd of 55,605. It was the Tigers The Dodgers have won four of six

'It turned out all right, didn't it?" "We are much more relaxed

Earl Weaver on Saturday

now," he said. "Everybody on the team is excited and looking forward to coming to the ballpark.

atmosphere.

Roenicke said the players are in sixth straight victory; New York games on their current road trip, Red Sox 7, Blue Jays 5: In Bos-

ton, Kich Gedman and Marty Harrett drew bases-loaded walks off reliever Gary Lavelle in the eighth. breaking a 5-5 tie and beating To-ronto. It was the Red Sox's 15th victory in their last 17 games.

White Sox 3, Angles 2: In Ana-heim, California, Harold Baines doubled home Rudy Law from first have with two outs in the seventh to give Chicago its eighth victory in nine games.
A's 8, Indians 6: In Cleveland,

Dave Kingman drove in four runs and Jay Howell recorded his 13th save for Oakland. Kingman raised

his RBI total to 38. Mariners 2, Royals 1: In Seattle, Jack Perconte's fourth-inning infield single with the bases loaded drove in the winning run against Kansas City. The Mariners' infield had 21 assists to tie a major-league

1935 Brooklyn Dodgers. Rangers 11, Twins 2: In Arlungton, Texas, Larry Parrish drove in four runs in leading a 17-hit attack that buried Minnesota.

record last accomplished by the

Padres 1, Giants 0: In the National League, in San Francisco, LaMarr Hoyt scattered five hits and San Diego teammate Tony Gwynn drove in the game's only run with a bloop single in the fifth. It was the fifth time in their last 10 games that the Giants had been shut out.

Cardinals 2, Cubs 0: In Chicago, Danny Cox struck out seven and walked four in pitching his fifth complete game this year as St. Louis handed the Cubs their fourth straight loss. Previously this sea-son, Chicago had not lost more than two in a row.

Dodgers 3, Astros 0: In Houston, Orel Hershiser pitched a three-hit-Tigers 10, Yankees 8: Darrell ter for Los Angeles and Pedro Evans had five hits, including a Guerrero hit his third homer in the The Orioles had not won three in runs as Detroit won before a Yan-Hershiser got his seventh shutout

hitting 13 homers.
Phillies 13, Pirates 3: In Pitts-

burgh, John Denny struck out a career-high 13 batters and Glenn Wilson drove in four runs for Philadelphia.

Expos 3, Mets 2: In Montreal, Hubie Brooks singled in Andre Dawson with two out in the ninth to beat New York, Dawson doubled off starter and loser Sid Fernandez with two out, and Brooks, a former Met, singled over left fielder George Foster's head.

Braves 7, Reds 0: In Atlanta, Terry Harper's three-run homer, during a five-run third, backed the four-hit pitching of Steve Bedrosian and Jeff Dedmon. Cincinnati's Pete Rose went 0-for-3 and still needs 48 hits to break Ty Cobb's record of 4,191.

## Yanks' Martin Tape Measures His Interviewers

The Associated Press

NEW YORK - New York Yankee Manager Billy Martin claiming he's being misquoted. has started taping his interviews with the media. This way I can sue if I'm not quoted accurately." Martin said following his club's 10-8 loss to the Detroit Tigers here Saturday. The Yankees have dropped four straight.

During an off-day workout Thursday, Martin reportedly criticized General Manager Clyde King and the former manager, Yogi Berra, for their alleged misbandling of spring training. He has since said that he "never said those things."

a switched-on tape recorder on his desk after the game. Said he of the tapes: "Maybe I'll sell them to a newspaper one day for a million dollars."

## Thomas Retains Crown On 8th-Round Knockout

Compiled by Our Staff From Dispatcher

LAS VEGAS - Pinkion Thomas, displaying a right-handed complement to his fine left jab, scored a one-punch knockout of Mike Weaver at 1 minute 42 seconds of the eighth round Samrday night to retain the World Boxing Council title and establish himself as the finest heavyweight champion this

side of Larry Holmes. Thomas, who has battled back from heroin addiction, broken hands and an eye injury, weathered some rough spots in the scheduled 12-round bout before landing a

booming right that settled matters. ing for the big punch in the eighth when Thomas suddenly came up with it. As Weaver moved forward, Thomas caught him flush with a overhand right to the left temple. Weaver was felled instanlty. Weaver was hurt so badly that

after the bout he insisted the punch, which he admitted he had not seen, had landed on his chin. "I still feel it, too," said Weaver, rub-

But the punch, set up by a short jab, clearly landed high. Weaver went over on his back. He rose on his heels as Referee Carlos Padilla's count reached 9, then toppled over backward again.

"My head was clear," Weaver said. "But when I said, "Get up," my legs said, 'Stay here.' "

The sudden ending ruined Weaver's dream of becoming only the third man to win at least a share of a heavyweight title more than once (he is a former World Boxing Association champion). Floyd Pat-terson did it twice, and Muham-mad Ali did it three times.

Don't nobody tell me he got

right hand."
"Twe always had a good right hand," said Thomas, who had been criticized by some as a one-handed fighter. "It's just never been ex-

The undefeated Thomas, who won his title from Tim Witherspoon last Aug. 31, showed great courage after taking Weaver's best shots in the third, fourth and fifth

The 27-year-old champion had floored Weaver for a 4-count in the Both men had missed with nu-merous jabs and seemed to be look-

point behind on the other. But it was perhaps while the 33year-old Weaver was having his finest moments that Thomas, has never been off his feet, was winning the fight. Weaver appeared to get discouraged that his best punches were having little ef-

"Pinklon Thomas fights back when he gets hurt," said Weaver. "That's the mark of a great champi-

on. I hit the guy with two, three shots, and he'd throw four, live." The victory in his first title de-fense kept Thomas unbeaten with a 26-0-1 record with 21 knockouts. The draw came in a 10-rounder against Gerrie Coetzee on Jan. 22,

Afterward, Thomas said he would "bury the hatchet" and stop calling Holmes a mouse. Holmes, the 35-year-old International Boxing Federation champion who signed here Saturday to fight Mi-chael Spinks, the undisputed light-heavyweight champion in September, has decreed he will no longer

mad Ali did it three times.

"I was more concerned with his left jab," said Weaver, a distant cousin of Thomas's wife, Kathy. "I think I proved to the world who the didn't know about the right hand.

"If Larry don't want to fight me, that's fine," said Thomas. "But I think I proved to the world who the real champion is." (NYT, AP)

## **SPORTS BRIEFS**

## Alboreto Takes Canadian Grand Prix

MONTREAL (AP) — Michele Alboreto of Italy drove to victory Sunday in the Canadian Grand Prix, taking the lead in the Formula 1 point standings.

Alboreto, posting his fourth career victory, beat Ferrari teamm Stefan Johansson of Sweden to the finish line by 1.957 seconds. The 28-year-old Alboreto, who started third on the 25-car grid, moved

past the Loins of pole-starter Elio de Angelis of Italy and into the lead on the 16th lap around the 2.74-mile (2.8-kilometer) Gilles Villeneuve Circuit. He stayed there for the rest of the 70-lap, 191.80-mile event. Alboreto earned nine points for the victory, boosting him into the points lead after five races with 27 points. De Angelis, who finished lifth Sunday, is tied for second at 22 with Frenchman Alain Prost, who drove his McLaren-TAG to a third here.

## Ludwig's Porsche Wins 2d Le Mans

floored Weaver for a 4-count in the opening round, but Weaver came roaring back in the third and was a facing Porsche 956, dominated the factory teams to win the 53d Le Mans 24-hour auto race Sunday

Ludwig won last year in the same car. It was his third victory overall, the first for his teammates. Despite new fuel restrictions and 30 minutes under yellow flags for accidents, they set a distance record of 3,153 miles

(5,074 kilometers).
Second was the British-crewed Porsche 956 of Jonathon Palmer, James Weaver and car owner Rickard Lloyd, 25.4 miles behind. The factory-run Porsche of Briton Derek Bell and West German Hans Stuck finished third, 33.8 miles farther back,

Guokas Hired as Coach of NBA 76ers PHILADELPHIA (AP) — Matt Guokas signed a multiyear contract Friday to become coach of the National Basketball Association's Philadelphia 76ers, a team he served for 3½ years as assistant coach.

remains from a feath the served for 542 years as assistant coach.

The team's general manager, Pat Williams, announced the appointment at a news conference ending two weeks of speculation on a successor to Billy Cunningham, who resigned May 28 after eight seasons and one NBA championship.

Guokas, 41, whose father, Matt Sr., was a member of the 1946-47 NBA

champion Philadelphia Warriors, spent 10 seasons in the league as a player, broadcaster and coaching assistant. He reportedly will earn \$300,000 a year; the team's owner, Harold Katz, said the contract is for at

## For the Record

Mom's Command took an early lead for a 51/2-length victory over Le L'Argent in Saturday's Mother Goose Stakes for 3-year-old fillies at Elmont, New York. Mom's Command now has won two-thirds of the

New York Racing Association's filly Triple Crown, with the Coaching Club American Oaks coming up July 6.

[AP]

Ivan Lendi, Miloslav Mecir, Tomas Smid and Libor Pimek have been chosen to represent Czechoslovakia in the Davis Cup quarterfinals in Ecuador on Aug. 2-4, the state-run news agency, CTK, reported. Pavel Slozil and Marian Vajda were picked as reserves.

(AP)

### becoming the first 12-game winner in the major leagues, doubled in New York. Mets starter Dwight two runs and Andy Van Slyke hit a Gooden allowed six hits and struck three-run homer Friday as the St. out 11 through eight innings, but Louis Cardinals beat the Chicago was relieved by Doug Sisk to start Cubs, 11-10. The Cubs got 15 hits, but they also made five errors that led to

FRIDAY BASEBALL three unearned Cardinal runs, including the decisive one in the

ninth inning.
"We didn't play well," said the Cubs' manager, Jim Frey. "We didn't catch the ball, and we made mistakes defensively. We gave them too many at bats."

Jody Davis drove in five runs for Chicago with two two-run doubles and a ground out.

Andujar, 12-1, won his eighth straight game. But the right-hander was lifted with one out in the sixth

inning when he apparently injured his right shoulder. He gave up four runs, three earned, on seven hits. Jeff Lahti took over to start the seventh and gave up two runs in the ninth when pinch-hitter Richie Hebner singled with two outs and Dave Lopes homered. Ryne Sandberg doubled, chasing Lahti, and Bob Forsch relieved, getting Keith Moreland on a fly ball to right field that Van Slyke grabbed with a sliding catch in foul territory.

The Cardinals had scored four

The Cardinals had scored four runs in the seventh, taking a 10-4 lead on a single by Vince Coleman a walk, a run-scoring single by Jack

Clark and Van Slyke's homer. The Cubs came back with three in their half of the seventh, keyed by a two-run double by Davis. Ron Cey singled in another run in the eighth to close Chicago to 10-8, but the Cardinals added a run in the ninth on two walks and a wild pickoff throw by reliever George Fra-

The pickoff play in the ninth was ill-timed, but if you picked the gny off it would have been a heckuva play," said Frey. "As it turned out, it was the big run." Andujar refused to talk to re-

porters after the game but his pitching coach, Mike Roarke, said,

He never got loose from the very

"He was struggling all the way. We almost pinch hit for him in the sixth inning. No, he won't lose a bases-empty solo homers from

Cards Edge Cubs, 11-10; Andujar First to Win 12 CHICAGO - Joaquin Andujar, Vance Law and Dan Driessen singled in runs in the ninth to beat New York. Mets starter Dwight the ninth. Sisk immediately got into trouble by walking Jim Wohlford and Tim Raines. Calvin Schiraldi took over, and Law singled to left to drive home the tying run. After Andre Dawson hit into a double play. Jesse Orosco relieved

and Driessen drove a 3-2 pitch into center for the game-winner.
Pirates 3, Phillies 2: In Pittsburgh, Bill Madlock's bases-loaded single in the seventh supported José DeLeon's 11-strikeout pitch-

an eighth-inning throwing error by Cincinnati's Nick Esasky and Bob Homer followed with a two-run Dodgers 10, Astros 2: In Houston, Jerry Reuss scattered eight hits

the eventual game-winner, and Pedro Guerrero hit two homers for Los Angeles. Giants 5, Padres 4: In San Francisco, David Green's one-out homer in the 11th beat San Diego. The Padres' starter Andy Hawkins was looking for his 12th victory without a loss and entered the bot tom of the ninth with a 4-3 lead.

the Giants tied the score off Goose Orioles 9, Brewers 3: In the American League, in Baltimore, Storm Davis survived a rough start to pitch a four-hitter against Milwankee. Davis gave up two hits and four walks in the first inning, then held the Brewers hitless until Rick Manning broke the string in the

Red Sox 4, Blue Jays 1: In Bos-ton, Dennis Boyd scattered 11 hits in posting his league-leading ninth complete game and Mike Easler

drove in two runs against Toronto.
Indians 6, A's 1: In Cleveland. for his 200th victory in the majors and Brook Jacoby drove in three runs to help beat Oakland. Tigers 4, Yankees 0: In New

York, Detroit won with the help of

ing against Philadelphia. Braves 6, Reds 4: In Atlanta, Ken Oberkfell scored from first on and drove in three runs, including But he left the game after yielding a leadoff single to Bob Brenly, and

> Cardinal third baseman Terry Pendleton was left high and dry on a second-inning overthrow Friday from right fielder. Andy Van Siyke (Chicago baserunner Gary Woods got up and scored on the play). St. Louis went on to win, 11-10, but Pendleton pulled a hamstring in the fifth inning and will be sidelined for what team doctors see as "an extended period."

Kirk Gibson and Larry Herndon. lowed only two hits the first seven held the Yankees to five hits.

Rangers 4, Twins 2: In Arling-Parrish homered to help defeat

Minnesota. White Sox 4, Angels 2: In Ana-

Bert Blyleven pitched a five-hitter Walt Terrell and Willie Hernandez innings to post his 295th victory in the majors.

Mariners 13, Royals 5: In Seation, Texas, Toby Harrah and Larry tle, Gorman Thomas, Alvin Davis and Bob Kearney homered to pace: a 15-hit attack that beat Kansas, City and ended the Mariners' four-Tom Brookens, Barbaro Garbey, heim, California, Tom Seaver al- game losing streak. (AP. UPI)



and Stephan Kueppers won in men's double canoe, and Briton Richard Fox took his third straight men's single kayak title.

## Shades (Lamp) of Thomas Edison!

By Jean Rafferty PARIS — The vagaries of lamp design are delightfully illustrated in "Lumières," an imaginative retrospective dedicated to 20th-century interior lighting at the Pompidou Center.

The art of illumination is shown through more than 500 pieces, ranging from the sublime crystal glitter of a Baccarat chandelier to the elegant geometric faceted glass and brass suspen-sion lamp created by Adolf Loos in 1901 (for a Viennese dining room) which looks just as contemporary today.

The show was designed by the novelist and former banker Jean-François Grunfeld, who was responsible for last year's successful "L'Empire du Bureau" exhibition at the Musée des Arts Décoratifs, where he transformed the dreary world of office furni-

of an extended department store lamp display by "orchestrating" the lighting into an "opera of light." There is background music of operatic extracts and French love songs, and the theatrical lighting, varying in intensity from a dawn glow to bright sunlight, spotlights successive pieces in a 50-minute cycle.

Grunfeld has avoided the look

Subtitled "Je pense à vous" (I Think of You), the exhibition also features three evocative madeleines, so called after Marcel Proust. They recreate three typical French settings with their at-tendant sources of light: an oldstyle French kitchen, a provincial hotel room and a corner of a bourgeois living room. "Lighting is very linked with memory," says Grunfeld, "Proust wrote a de-

ture into an engaging view of life-style behind the desk. scription of the lighting in each part of his works." Modern classics by such distin-

guished designers as Victor Horta, Josef Hoffmann, Ettore Sotsass, Joe Colombo and Gae Aulenti rub shoulders with the height of hilarious kitsch. A 1940s table lamp incorporating a plastic flower vase topped with a shade in synthetic straw comes from the home of an unidentified Hollywood actress. Two ceramic flying fish leaping from a glass wave underlit by a shocking pink glow was designed in the 1950s by an understandably anonymous Frenchman or Italian.

Even master designers seem to get carried away when it comes to lamps. That devotee of the sober straight line, Charles Rennie Mackintosh, produced a suspension lamp for a Scottish dining room that looks like a Chinese bird feeder. Ingo Maurer is the

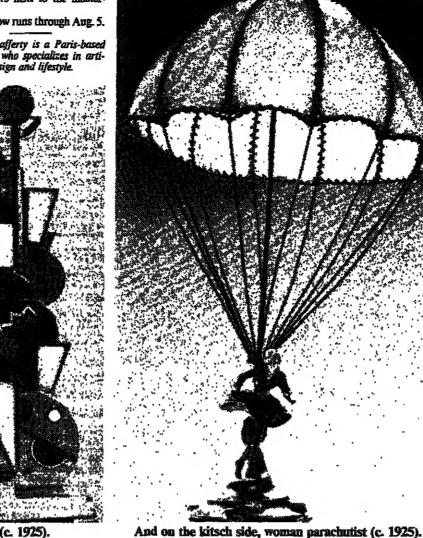
author of a whimsical red webfooted, feather-headed chicken

There is a lamp on a dollar-sign base, one projecting a rainbow, a 1925 lamp of a woman parachutist, the 1937 illuminated globe mounted on the gears of a Model 8 Jean Perzel made especially for Henry Ford, the neon outline of a "Demi-Violon" by the French scuiptor Arman, a saftey-pin floor lamp, even a Dutch light-

Grunfeld is as proud of the mistaken marriages of material and light as he is of the examples of superb design. "It is with the greatest pleasure that we present the horrors next to the master-

The show runs through Aug. 5.

Jean Rafferty is a Paris-based journalist who specializes in arti-cles on design and lifestyle.



CLASSIFIED

A plastic confection by Poltronova (1967).

## **LANGUAGE**

## Payment Ups and Downs \*

By William Safire

WASHINGTON — A compa-VV ny that was a takeover target was faced, according to The New York Times, with a large debt and with the prospect of shrinking its business to help pay down that burden."

"Why pay down?" writes Mark Pearson of San Francisco. "Because pay off has taken on sinister

In a debt-ridden world, in which sayment is made to service interest rather than reduce the principal of loans, the word down is coming up. It all began in 1926 with down payment, the first money put up; more recently, a subsidy paid to a home-buyer by a builder to make month-ly payments less in the first few years of a mortgage, thereby per-mitting the house to condition for mitting the buyer to qualify for a loan, is called a buy-down.

Why not use the simple repay, if pay off seems sinister? The reason is that the new usage is more sophisticated than it seems: begin to repay implies a plan to repay in full, and pay down implies nothing more than the beginning of a reduction in the money owed. How many of us pay down our loans to nothing. compared to those who refinance, or roll over, or go sedately bankrupt, or skip town? The language reflects the practice in subtle ways: we have differentiated between pay out, pay off, pay up and pay down.

I HE ad in the Amtrak office window downstairs reads: "Sleep in and still get there first. . . . Takes you downtown to downtown while you get a good night's sleep."

I've been wondering about the phrase to sleep in ever since my grown offspring began to use my ouse as a place to crash. It bothers Miriam Silverberg of Jamaica, New York, too: "High-powered executive couples take turns on weekends caring for the children and letting the other sleep in," she writes, wide-awake. "Obviously, they mean sleep late, but why don't they say so? Or do they mean sleeping in a bed as a special treat, as opposed to the floor? Is this new?"

Since 1918, sleep in has been in American, and especially Canadian, use. Originally it meant to oversleep — that is, to sleep later than intended — but by 1931 had come

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Where did the in come from? Probably from to stay in, to stay at home sleeping. "The usage is still mainly dialectical." reports Sol Steinmetz of Barnhart Books, "but it is spreading southward." He cites this quotation from The Tuscaloosa (Alabama) News in 1972: "Now I get to stay up late and watch the

late movies and sleep in. It's great!". Keep an eye on intent: to over-sleep is unintentional, to sleep late can be either planned or not, but is most often planned, and is used by an older generation (which really needs the sleep, believe me); and to sleep in is to lollygag in bed with laziness aforethought.

My SON the hacker, trained at the knee of the superbacker Andrew Glass of Cox Newspapers, reconfigured the files in my person-al computer — and for a frightening moment I didn't know where

anything was.

"How do I get at the 'On Language' column?" I asked.

"You mean," he replied cooly, speaking in a language he calls "Ba-sic," "How do you access it?" That's the new magic word. Now

that all the world's information has been "inputted," the trick is to get at it, and the operative verb is so access. This is the shortened form of the old phrase to gain access to, and it has gained wide acceptance, much as to make contact with became to contact a couple of generations ago. Don't fight the verbifying: to make a withdrawal from your grammar-friendly data bank, you must adopt the necessary lingo.
If you don't use access, you won't

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From left, water tily lamp by Daum (c.1902); peacock design (c. 1925); geometric model (c. 1925).

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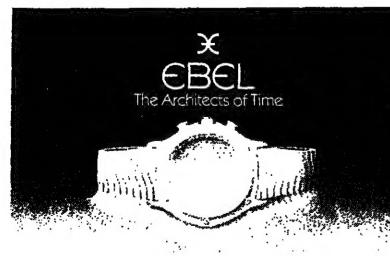
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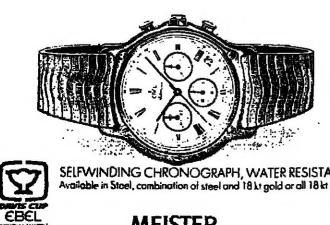
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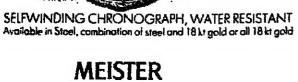
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